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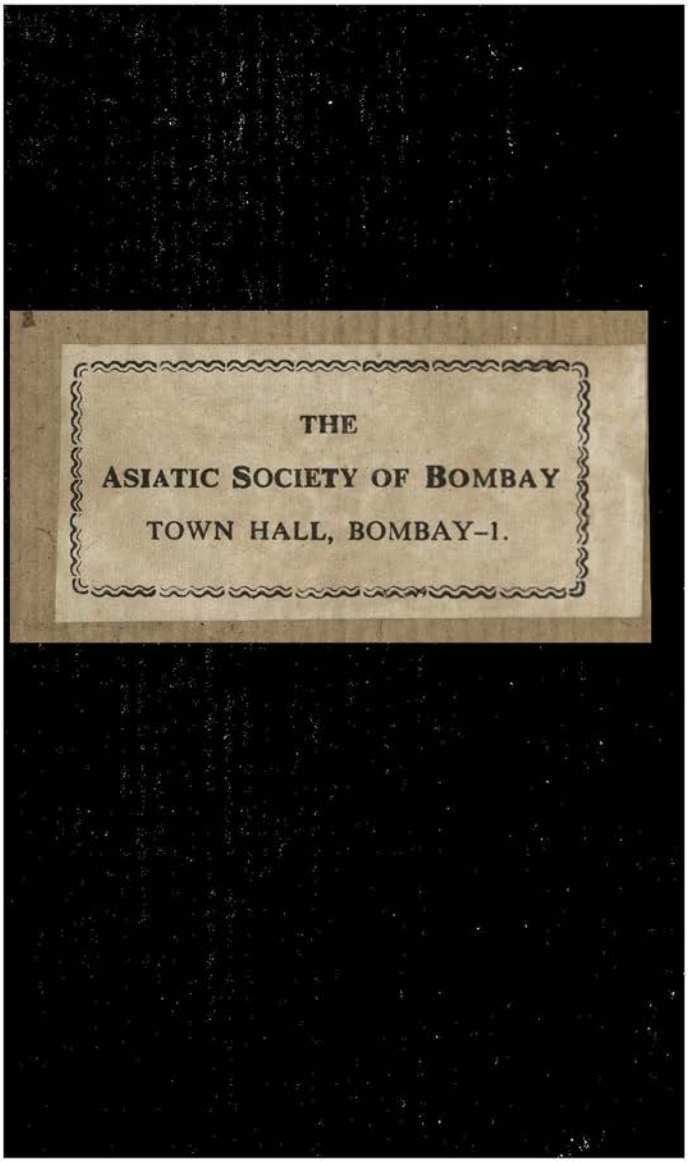

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THE COMING INDIVIDUALISM

MR. EGMONT HAKE'S WORKS

SUFFERING LONDON.

PARIS ORIGINALS.

THE STORY OF CHINESE GORDON.

GENERAL GORDON'S JOURNALS FROM KHARTOUM.

GENERAL GORDON'S JOURNALS DURING THE TAEPING REBELLION.

FLATTERING TALES.

THE UNEMPLOYED PROBLEM.

FREE TRADE IN CAPITAL. BY A. EGMONT HAKE AND O. E. WESSLAU.

THE COMING INDIVIDUALISM

BY

A. EGMONT HAKE

AND

O. E. WESSLAU

27743

WESTMINSTER
ARCHIBALD CONSTABLE AND CO.
1895

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TO

ROBERT ARMSTRONG YERBURGH, ESQ., M.P.,

President of the Agricultural Banks Association.

My dear Yerburgh,

In inscribing this our book to you, my colleague and I give expression to a feeling which has sustained us from the moment we began our work. As with orators, so with authors. The conviction of having an audience sympathetic enough to appreciate at least their motives, encourages and emboldens. Attacking, as we have done, some of the most powerful and misery-dealing prejudices, and unable to count upon that friendly reception and unbiassed criticism afforded to those who swim with the current, it has been to us a source of strength to know that you at least will give a hearing to pleadings which are based on patriotism and justice to suffering humanity.

It is true that the cause of Individualism can at this moment count upon a far larger circle of sympathisers than was the case several years ago, when we began to call public attention to the first practical steps towards its triumph, but we naturally look upon you as their true exponent. Your exertions on behalf of our financially oppressed agricultural classes, and the unfortunate victims of our abominable usury system, we have considered to be a guarantee that you will favourably weigh arguments which the prejudices of most men would cause them to neglect.

We willingly confess that in this Dedication we have been actuated by the hope that your name on the first page would attract the attention of the members of that assembly which, of all bodies of men in the world, exercises the greatest influence over the Empire, and over the human race—the Imperial Parliament.

For, on the attention vouchsafed by Members of Parliament to this our contribution to the cause of Individualism, its usefulness will largely depend.

If the way in which we have at times taken the names of the political parties in vain should appear to militate against this conviction, we trust that you and your friends will understand that, if we have not sided with any party, it is not because we blame any of them, but because we appeal to them all.—Ever yours,

A. EGMONT HAKE.

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I

THE MODERN ECONOMIC IMBROGLIO

To those who are at all able to gauge the state of the political atmosphere in this country, and throughout the Empire, signs of coming fundamental changes are manifest. Whether we reason from historical experience, or from palpable actualities, we must come to the conclusion that the close of a historical period is at hand.

The latter part of our century will be noted for the rapid succession of events. A new idea, a popular movement, in our time arises, spreads, and matures into an accomplished fact within a few years. In face, therefore, of potent factors working towards complete changes at the very base of our civilisation, it would be unpardonable lethargy on the part of any one who takes a pride in our nation, or who has a stake in the country, to neglect the manifold warnings which daily events proffer. When read aright, these warnings render it evident that there is no time to be lost if the issue of the impending crisis is to be controlled. What will be the nature of the coming change the history of the past may to some extent indicate; but what the new historical period upon which we are about to enter will bring is as yet a mystery. All we may hope is that our future destiny will depend mainly on ourselves.

The coming crisis involves the solution of a problem, which now confronts the British people, as it has confronted

the citizens of previous States, and now baffles modern Empires and Republics alike. It may be called the Labour question, or the Economic question. Some call it the Social question, meaning, however, the question of the relations between Capital and Labour. Never, so far, has it been solved; and more than one Empire in attempting its solution has paid the penalty of failure in destruction.

One of the proverbial repetitions of history is this: A State is founded by a powerful tribe, an energetic oligarchy, a crafty priesthood, or settlers from a more civilised State. To begin with, there is no Labour question at all. The work is performed by slaves who, being the residue of a conquered race, remain resigned to their fate; all the more so as the young State is replete with energetic warriors elated by recent victory. Or, the chief production of the nation is performed by a peasantry which, while it is subjected to feudal chiefs, keeps a limited number of domestic slaves, who have no intercourse among themselves, and who have but small reason to complain of their masters' treatment. The peasantry do not dream of objecting to new feudal chiefs when these have defeated the old ones. The proletariat is small, and made up of despised pariahs. As the new State grows in wealth and power, the working-class element gradually acquires more importance. The slaves by ministering to the masters' pleasures, and being admitted to their intimacy, as domestic servants, acquire part of their culture. They become more enlightened, more strong-minded, and, while they lose some of their old respect for their masters, they become more ambitious for themselves. Simultaneously the unemployed proletariat increases. A certain percentage of the patricians, through vice and crime, falls into the ranks of the proletariat. A large class of artisans and dealers arises, a small number of which acquire wealth, while the majority

suffer from increased penury. Government extortions, in the shape of taxes and monopolies, and private robbery in the form of a highly developed usury system, tend to make the rich richer and the poor poorer. The ruined middle class, the proletariat, and the slaves, if any, combine to constitute a political factor, of which the political parties are not slow to avail themselves. Having acquired political influence, the power of the masses grows, and they assume the habit of demanding more and more privileges from the political party they serve. Under such circumstances, the subjection of the proletariat, and the discipline of the slaves, gradually disappear. Production becomes neglected, and the government in power is expected to provide for the now ever-growing masses of dependents. This they, finally, fail to do. The discontented elements appeal to some foreign State less corrupt, and therefore more powerful, with the usual result that the old State is absorbed in a new.

Thus, the only solution of the Labour question was to keep the workers in subjection, and when this failed, the State was doomed. The ancient legislators never suspected that there could be any other organisation than a compulsory one; and many politicians in most countries up to this day in their inmost hearts look upon the slavery of the workers under the State as that solution of the Labour question which alone can give stability to modern Powers.

The evolutions of the British Empire have up to date been similar to those of the Empires of the past, with such differences, of course, as are due to the different stages of civilisation. The most important of these differences is the rapid growth of what we now call the labouring-class, that is to say, the people who are not masters, or the servants of masters, who are not peasants or labourers legally or incidentally attached to the ground, who are not craftsmen

or inmates of craftsmen's households. This rapid growth of the unattached labourers is the result partly of the development of industry assisted by machinery, and partly of the old cause, the growth of capital among the few, and its consequently increased power.

The number of unattached labourers did not grow so fast in the ancient States as it has done in England. In many continental States the growth of the unattached masses of labourers has been artificially accelerated. In these the masses consisted, and still consist, largely of the peasantry, and the unattached labourer was looked upon as an abnormal excrescence. His condition was regarded as a case of individual misfortune, often owing to his own fault. Even he himself was slow to resign himself to the idea that his condition was a normal one, and frequently entertained a hope of one day slipping into his proper place in society. Such being the case, the proletariat of the continent had in the beginning of the century hardly any political significance. But, jealous of the development of British industry, the continental governments unfortunately took it into their heads to foster large capitalist industries by means of Protective Duties. Having thus produced by artificial means those same causes which social development had produced in England, they reaped similar results, namely, rapidly-growing masses of unattached labourers. The process being artificial, the circumstances on the continent were not suitable to such a development. The unattached labourers had a strong tendency to degenerate into a proletariat. The governments have thus, Frankenstein-like, created a monster which now threatens soon to be beyond their control.

In England the unattached labourers were too numerous, were in too great demand, and were in possession of too

much political liberty, to allow themselves to be regarded as otherwise than normal citizens. They were unwilling to consider their position as either transitory or exceptional, but claimed to live rational and happy lives as labourers, and to rear families to live in the same way. Their political aim was not so much to escape from poverty by the plunder of the wealthy classes as to enjoy a prosperous trade and good wages. In consequence of their number, their high character, and their moderation, they acquired political power in a more rational and steady fashion than ever has been accomplished by the labourers of any other nation.

Had the economically sound development continued which was inaugurated in the forties by the abolition of the Corn Laws and the curtailment of the monopoly of the Bank of England, Parliament would, as will be shown later on, not at this day be confronted by the Labour question. Indeed, when the Free Trade Reformers gave expression to the most sanguine views regarding the prosperity and contentment which would naturally follow the gradual and rational extension of individual liberty, these sanguine expectations seemed at first likely to be realised. Trade, industry, and shipping grew at a rate which outstripped the boldest predictions. Tens of thousands of working men developed from penniless labourers into successful employers. A large number of industries took gigantic proportions, and the demand for workers became intense. There was, therefore, no room for discontent: for the lot of the labourers in the manufacturing districts had improved enormously, and the prospects of the honest and industrious working man were of the brightest. England presented during the twenty-five years which followed the abolition of the Corn Laws a spectacle such as had never been witnessed in any State of the past. There was then legitimate ground for

hoping that our Empire would escape the fatal riddle of the Sphinx of history. The Labour question seemed to be solving itself, simply because the British Parliament had, by adopting a policy of individual liberty, given that question for the first time in the world an opportunity of doing so.

But the hopes of the Individualists were not realised. Unsuspected causes were at work ; unforeseen events arose : and the brilliant prospect became clouded. The Labour question, first raised as a political bogey, soon confronted our legislators in the menacing shape in which it had heralded the downfall of previous Empires.

It is because those unsuspected causes and unforeseen events to which we owe the present acute state of the Labour question failed to be noticed and understood by political leaders, and more so by our writers on social and economic questions, that the solution of the Labour problem is now sought for in a direction which is not only hopeless and absurd but extremely dangerous. A host of sentimental writers, with a superficial knowledge of economy, with no experience of practical politics, and with not the slightest inkling of that leading feature of our civilisation, commerce, took the Labour problem for their theme, and for the pretext of the making of many books. Completely ignorant of the actual causes which had arrested the labourers' progress towards economic independence, they fancied they had found in the stagnation and retrogression which set in about 1874 absolute confirmation of the spurious doctrines of Karl Marx, Lassalle, and other Socialistic writers.

The lowering of wages, the growing numbers of the unemployed, and the horrors of the Sweating system, side by side with ever-accumulating fortunes, became intolerable to the masses of workers who, by improved Educa-

tion, an enormous development of the Press, and by the extension of the Franchise, had formulated high aspirations, and acquired the power to realise them. The position became alarming, and the capitalist classes developed a strong yearning for the solution of the Labour problem. The new school of sentimental Sociologists, having the double object of allaying the fears of the capitalists and of enlisting the sympathies of powerful Demos, wrote down to the level of the prevailing prejudices, and called their pseudo-scientific dissertations the New Economics.

Without any investigation of actualities, they have endorsed the postulates of the continental Socialist writers, that under a system of individual freedom and free contract the rich are bound to become richer and the poor to become poorer, thus debarring themselves from seeking the solution of the Labour problem in any other than the Collectivist direction. They, therefore, naturally look upon the Socialistic tendencies as indications of progress, and some such State as is described in Bellamy's fantastic and illogical book —in reality an unconscious burlesque on Socialism—as the final goal of human development. They would fain engraft the Socialistic movement upon all previous progress of our race, and would have us regard the whole as a series of social evolutions. They are anxious to convey the impression that they are nothing if not scientific: hence their evolutionary theories. As writers on religious subjects have done before them, they apply the methods of the biologists to subjects to which those methods are utterly inapplicable, and then abuse the biologists because these cannot see the wonderful new light so persistently held up to them.

Though the researches and discoveries of men like Mr. Herbert Spencer and Professor Huxley have made these pseudo-religious and pseudo-economic works possible, these

scientists are roughly handled, and twitted with want of logic because they maintain the opinion that our present social system is unsatisfactory, and that complete Socialism would be worse.

In trying to make converts to their views, these votaries of the New Economics do not rely on exact Political Economy and rational Sociology, but branch off into biology, ethics, philosophy, and religion. They even insist upon all politico-economic questions being treated from a religious point of view. To avoid the *reductio ad absurdum*, they deal in impalpable abstractions and wide generalities, and hardly ever condescend to heed exact details or hard facts.

Nor do they ever check off their conclusions against industrial, commercial, or financial actualities. If they did, they could not fail to see how absurd it is to speak about the ethical, religious, or moral aspect of such economic questions as are now mostly debated all over the world, and on which no one can deny that the happiness of the working classes depends. They might as well ask whether it is moral or Christian that the squares on the two sides of a rectangular triangle should be equal to the square of the third side.

Such questions as to whether the importation of such goods as can be purchased cheaper abroad than at home is an advantage or a disadvantage to the labouring population; whether government bounties to sugar-refiners are useful or hurtful to sugar-refining in general; whether the usurer should be restricted in his rate of interest, or allowed to charge as much as he can; whether government should supervise banks or leave them free; whether State loans for productive or other purposes are profitable or ruinous to the masses; whether mono-metallism or bi-metallism is productive of the highest wages—all these questions, and hun-

dreds more, it is the mission of economic science to answer as exactly as Euclid solves his geometrical problems.

The suggestion of tackling such subjects from a religious standpoint can have no meaning for a logical mind. Our sentimental Sociologists are alone capable of attempting it. The result has often been that solutions chosen at the promptings of sentiment have brought about, when applied, the very contrary to that aimed at. An example will make our meaning clearer. That charming writer but impossible economist, Mr. Ruskin, would tell us that the New Economics demand that each employer should pay his labourer, not according to the market-value of labour, but enough to enable him to live happily and comfortably. The terrible drawbacks of such methods Mr. Ruskin would not condescend to consider. The development of a demoralising system of favouritism, on the one hand, and the speedy collapse of industry, with utter destitution for all labourers, on the other, which his system would bring about, would take him completely by surprise. To be guided by your own sentiment, and not by the real good of the class you wish to benefit, is to be kind in order to be cruel.

Our sentimentalists cannot do without religion as a factor in their economics. They take for granted that in these latter days people have become more religious, that a wave of religious intensity is passing over the world, of which the Socialistic tendencies of to-day are the outcome. It is quite possible that humanity is becoming more religious and more moral, but the reasons these New Economists advance in support of this opinion point very much in the other direction. What are the real features in the Socialistic tendencies? The masses, having secured the balance of power, are resolved to use it for their own good, regardless

of the cost to the classes. Agitators and politicians advocate plausible but ruinous measures for their own political promotion. The capitalists, alarmed by the threatening attitude of the labourers, seek in State Socialism the means of appeasing them. Members of Parliament and County Councillors unblushingly purchase popularity by lavishing other people's money. What part has religion in all this? The fact that the Roman Catholic Church begins to side with the Socialist masses after her strenuous efforts to regain her temporal power through the Royalists and the Conservatives can hardly be called a religious evolution. The increasing selfishness of the Trades Unions, the spread of the Sweating System, the dwindling of contributions to the hospitals, the persecution of the Negroes in the United States and of the Jews in Northern Europe, the corruption of the financial world, the insidious introduction of immorality into the higher forms of literature, the growing cynicism and pessimism throughout society—all this, surely, indicates religious decay rather than an increased influence of religion.

The so-called New Economists are losing themselves in a maze of their own making, because they have confused metaphors with realities. Just as there are many analogies between a flower and a lovely woman, so there are many analogies between the development of the physical world and social life. From a literary point of view, it is legitimate enough to talk about social evolutions, and to adopt the phraseology of the biologists when dealing with social and economic problems may be conducive to clearness, in view of the fact that the two sciences—Sociology and Economy—being the newest ones, have had to borrow their terminology from other sciences. These analogies and this community of terms have deluded the New Economists into the

quixotic attempt of transmuting Economy into a branch of Biology.

To render this process at all intelligible they have found it absolutely necessary to pre-suppose that our present state of civilisation, with all its deplorable features, is a natural and inevitable outcome of the immutable conditions of progress on Individualistic lines. The New Economists insist upon this because it is the key-stone of their system of reasoning. In order to utterly explode their wonderful fabric of truths, half-truths, and fallacies, it will therefore suffice to shatter this, their chief postulate. When it is shown, as we intend to do, that all the poverty and misery permeating the civilised States—except such as is deliberately self-inflicted or the result of ill-health—are due to temporary and local mistakes in legislation, the new theories of the biological economists will fall completely to the ground.

Man's physical development, and the different races in their ascendancy and their decay, may be subject to the biological laws, but the economic condition of free nations depends on their knowledge of the economic laws and their ability to adapt themselves to them. Social progress, from the earliest beginnings up to the present day, can only by analogy be described as a series of evolutions. In reality, it is one slow movement towards individual liberty frequently interrupted by retrogression. At present we experience a period of retrogression, largely due to the fallacies of our New Economists. At present the economic systems of all civilised States are hybrid systems, being partly Collectivist, partly Individualist. The great question is whether a prevailing and increasing poverty is due to the Collectivist or to the Individualist features of the systems. The New Economists have rashly, and, as we shall show later,

erroneously started from the supposition that poverty is due to the Individualist features.

The blindness as to the real causes of poverty is simply amazing. The German and French writers especially persistently shut their eyes to the great artificial causes of poverty which are at work in their countries. Thus Count d'Haussonville has achieved a feat of intellectual blindness which it would be hard to supersede. With the view of treating of 'Misery, its Causes and its Remedies,' he has written a bulky volume, containing a graphic account of increasing destitution in France, replete with statistics and exact information, throughout which he gropes for the real causes of this misery. But, incredible as it may seem, it never strikes him to refer once to the glaring mistakes of French legislators. Such potent and irresistible causes of general ruin as Protection, Sugar Bounties, Shipping Bounties, Octroi Duties, Monopolies, senseless foreign expeditions, a stupendous standing army, a constantly increased State indebtedness—these awful obstacles to prosperity have entirely escaped Count d'Haussonville's search-light. His conclusions are not that obstacles to prosperity should be removed, not that this diabolical mechanism for the crushing of the masses should be abolished, not that justice should be done to the struggling people, but that charity on the part of the rich towards the working-classes is the only possible remedy.

It is astonishing that any man should consider it worth while to write a large volume on the Labour problem in order to recommend such a solution. We wonder whether Count d'Haussonville and our sentimental economists have ever pictured to themselves what a State would be like in which the great masses of the people are reduced to beggars, depending for all their comforts and happiness on the charity

of a minority of plutocrats. It may be that there is method in the Count's madness, and that he has written his book, not to solve, but to further confuse the Labour question to the disgrace of the Republic and to the advantage of the Monarchy. Whatever has been his motive, his work will remain as a monument of the singular blindness characterising the school of so-called New Economists of our times.

We have dealt somewhat extensively with the sentimental economists, because, while their opinions have been influenced by those unsuspected causes and unforeseen events, already alluded to, these opinions themselves have contributed towards bringing the Labour question to an acute stage.

Among the unforeseen events which have done so much to falsify the sanguine predictions of Individualist Free Traders, the depression of trade plays an important part. But the depression was in itself the result of mistakes in Economy. The United States of America adopted, after the war, a fiscal system which was as bad for England as it was for the States. Even before this mistake, America had passed Acts bound to prevent the people from prospering to the extent of their immense resources. Their currency legislation, and the submission of their banking to State supervision, had laid the foundation of those social evils which had long been rife in the old countries. The Protective system sold all the more in consequence. The example of America influenced a great many other States. With the exception of the United Kingdom and a few minor countries, the whole world became more Protectionist. As was intended, free-trading England suffered considerably, not so much from the high duties as from the diminished consuming-power of the Protectionist nations. The thus artificially increased poverty all the world over re-acted on Great Britain, and produced increased depression here.

Considering that all such State interference with business, as the artificial raising of the selling-price of all foreign goods, must be classed under the heading of Collectivism, and could never be considered as Individualism, it is impossible to deny that one of the heaviest blows against the prosperity of the British working-classes sprang from Collectivism.

The British nation has, in its immense colonies and dependencies, a vast reserve-store of latent wealth. But our self-governed Colonies, as well as our dependencies, had been subjected to a mass of Collectivist legislation whereby their development had, as we shall show later on, been arrested or retarded. The consequence of this is that our trade with our Colonies and dependencies became only a fraction of what it might be, if the Individualist principle—that is amplified Free Trade—had been adopted all round. We thus owe to the Collectivist principles that the vast resources of our Colonies and dependencies are not permitted to contribute their full quota to the prosperity of the British working-classes.

Such was the position when the progress 'in leaps and bounds' ceased. Our sentimental economists took no heed of the fact that the evils inflicted on our working-classes from abroad sprang from Collectivism, but calmly assumed that these gigantic anomalies were indispensable features in a world organised on Individualist principles.

Nor did they take any heed of the Collectivist features which remained in our home organisation after the clearing away of useless legislation which took place during the Cobden era. While in reality the British nation had taken only a few hesitating steps towards the establishment of a free system, our sentimental economists took for granted that we had already reached that goal. What they called Free Trade was only partial free import. The slight curtail-

ment of Bank Monopoly, above referred to, only fragmentarily removed the huge obstruction to fair wages which imperfect banking constitutes. It benefited financiers, share-brokers, speculators, bankers, chiefly; to a lesser extent merchants and the capitalist classes in general. But it did not remove, or even lessen, the terrible burden which the monopoly in the supply of credit and capital constitutes for the working classes. We devote a special part of this work to this important subject, and trust that when it becomes clear to what an extent our bank legislation produces poverty, it will be recognised of what a flagrant oversight those economists were guilty who took for granted that the economic system of our country was one of complete Individualism.

The Bank Act was not the only piece of Collectivism inherited from the past overlooked by our economists. All the indirect taxation, especially such parts of it as have the double mission of collecting revenue and restricting the consumption of certain goods, partakes of a Collectivist nature.

Though even a superficial observer ought to have understood that the stagnation in English business, with all its hardships for the working classes, was due to Collectivism in foreign countries, to Collectivism in our colonies and dependencies, and to Collectivism at home, a host of writers on economic and social subjects, and a very large portion of the Press, endorsed the mistake of the economists in taking for granted that the Individualist features of our system were to blame, and not the Collectivist features. This is all the more singular, as the few steps taken by Parliament towards a more rational Individualist system had promptly resulted in an unprecedented prosperity for British commerce, and a rapid advance in wages.

This mistake would probably not have been committed by so many sensible Englishmen had not a host of exceptional circumstances paved the way for it. Besides the economic blunderings of foreign and colonial governments, there were other causes of depression in British commerce.

Great motors of inflation had ceased to act. There was a considerable lull in the construction of railways all the world over, and the orders for English rails and railway materials had diminished. The change from wooden sailing ships to iron steamers, mostly built of English materials, was almost completed. From sheer want of credit, the wholesale borrowing of foreign States had almost ceased, and with it the torrent of British products which used to leave these shores in exact proportion to foreign loans placed in the London market.

These and many other less palpable causes tended to produce a great change for the worse in British business. Where our economists are to blame is in the fact that they did not allow for these exceptional circumstances, but attributed the hardships of our working classes to too much individual liberty.

A great deal of confusion was caused by the passing of the Factory Acts. The Bill was introduced at a time when the rising prosperity of the country was already fast removing those evils which the Bill was intended to remedy. The splendid results which Free Trade and the abolition of hundreds of meddling Acts had produced were by the working classes of the country erroneously attributed to the Factory Acts. A keen interest was taken by them in these Acts, while they knew but little of the economic virtues of Free Trade. They therefore attributed the effects of Free Trade to the Factory Acts—to this first step on the retrogressive course towards the old errors of the past paternal legislation.

So much prejudice and so many errors prevailed with regard to the Factory Acts that it behoves any writer on the subject to be rather explicit. When it is affirmed that factory legislation is a poverty-producing measure it must be understood that only such parts of the Factory Acts are referred to as constitute an infringement of the liberty of the working people. There was a time when, in virtue of special meddling legislation, mill-owners had a right to enslave children as apprentices, and even to adopt them, and thus acquire parental rights over them—all with the view to obtaining cheap child-labour. Such treatment of children, especially of orphans, is manifestly an infringement of individual liberty, and could not have occurred except through special legislation. It should also be borne in mind that such real or apparent usefulness as is now attributed to the Factory Acts springs entirely from the circumstances in the midst of which they are working. If by meddling legislation the State reduces the working-classes to poverty and desperation, it is no wonder if special Acts are required to protect children against their parents. When natural circumstances are permitted to prevail, when the demand for workers exceeds the supply, and wages consequently are normal, the Factory Acts will be rendered superfluous. In order to anticipate the possible impression that the object of this work is to abolish the Factory Acts, it may as well be stated at once that these Acts belong to that class of enactments which need no abolition, but should be rendered obsolete by a beneficial change in the circumstances that called them forth.

It is, however, very seldom that one meets with any moderate views regarding the Factory Acts. From the time they were introduced up till now there has prevailed an almost universal fanatical faith in them. The few men

who have understood their true nature and the retrogression they have heralded have been made martyrs. Thus the far-sighted patriotism and philanthropy of John Bright have, as far as they have been exercised in resisting the Factory Acts, been described as the selfish greed of the employer of labour aiming at the perpetual poverty of his workers. Under such circumstances it was not surprising that the passing of the Factory Acts and their apparent success should have been hailed by the masses as a proof positive of the fallacious nature of Individualist principles. It became safe for Lord Beaconsfield to sneer at the dry bones of Political Economy, and both politicians and journalists were delighted to find that they could give unbridled licence to their sentimental proclivities without stumbling over the stubborn facts of Political Economy. John Bright's prediction that the Factory Acts would prove the thin end of the wedge of retrogression has been completely confirmed: for a torrent of State Socialistic legislation set in, which, despite the palpably bad results which it produces on trade and industry, is still at the flow.

The Conservative party has always, since the abolition of the Corn Laws, had a grudge against Political Economy, and has never recognised its fundamental truth, namely, the solidarity of humanity. Many of its members have never understood that the institutions, liberties, and advantages which enlightened Conservatives most cherish have no chance of being defended except through arguments drawn from economic science. They, therefore, regarded with delight the loss of prestige of that science, and, forgetting the pitfalls they were digging for themselves, they were absorbed in the interesting operation of mining the ground under the feet of the Liberals by discrediting Individualism and liberty.

The Liberals, on the other hand, experienced an excusable temptation to change their front, and to turn their backs upon those very Individualist principles, in the name of which they had won their power, and to embrace the principles of Collectivism. Their best chance of promoting their purposes was by extending the Franchise to the lower strata of society. Their object was to gain the suffrage of millions of voters who, though they had acclaimed the repeal of the Corn Laws, in order to obtain the big loaf instead of the small one, had no knowledge of the economic value of Individualism. It was found hardly practicable to rouse an enthusiasm round the platforms by scientific economic reasoning, especially by orators who had given the subject but scant attention. The English people experienced, with the rest of the nations, the tendency to apply the principle of Domestic Economy to the State, and to shun entirely the scientific aspect of the question. As invariably has been the case with nations whose destiny has passed into their own hands, the English people did not see their way to achieve their material happiness through liberty, but longed for new masters. The choice for them was not between liberty and thraldom, but between bad masters and good masters. History had taught them that despots, churches, aristocratic oligarchies, were bad masters, and the problem now was how to create a master who would not have the defects of the others.

Actuated by influences from the Continent and America, and holding the view—so common among people who have little knowledge and no experience of the science of government—that the State represents all that is omniscient and omnipotent, the British masses developed the desire of making the State that benevolent master, without whom happiness to them seemed inconceivable. Once the ideal

'Haroun Alraschid' of the *Arabian Nights* was re-evolved in the shape of the State, it seemed an easy matter to render everybody happy. Once the relation between the State and the individual reduced to the simple relation of the loving father to his children, the knotty problems of Economy and Sociology disappeared. The Protective spirit, to which already Henry Buckle correctly attributed the social and economic evils under which the nations of the Continent laboured, rapidly took possession of English minds. By appealing to this growing spirit of protection, to this decay of the love of liberty, the Liberals could sway public opinion in the country far more easily than by adhering to the old Individualist programme.

At the same time it is only just to point out that very few of them realised the full extent of the evils and dangers they brought upon their country. Many of the old supporters of Cobden had accepted the Individualist principle in blind faith, and had never mastered the theories nor studied the practice which have demonstrated Individualism to be an indispensable condition of prosperity. A great number of the younger Liberals had not had the opportunity of comparing the state of the country under an anti-economic system with that of a comparatively free system, and naturally paid more attention to the sentimental economists of their own day than to the staunch Individualists of the Cobden era. Even those Liberals of the old school, who were fully aware of the evil effects on trade, industry, and wages which State interference is bound to produce, were probably able to find some kind of excuses for not standing more loyally by Bright, Villiers, and Bradlaugh in their opposition to the retrogressive movement towards Socialism.

But the greatest excuse of the Liberals was the feeble

resistance which the natural upholders of sound government offered to the rising tide of State Socialism: for it cannot be denied that—thanks to the incomplete manner in which the subject of division of labour under a free system had been grasped—the Collectivists seemed often to have the best of the discussions.

As both the great parties had thus abandoned the guidance of scientific economy, and as almost all politicians proclaimed themselves more or less Socialists, the legislation of the country fell a prey to the popular fallacies of the day.

Just as nothing succeeds like success, so nothing fails like failure. It has already been pointed out that the Liberals, while they were on the Individualist tack, had left untouched several most mischievous pieces of legislation; and when these, together with the economic mistakes of our colonies and of foreign countries, had to a great extent conquered the natural tendencies towards progress and prosperity, the extra doses of State Socialism inflicted on the country told heavily.

While profits dwindled, taxes rose. Vexatious inspection, hampering prohibitions, and fussy regulations, weighed down British trade, British industry, and British shipping, and favoured foreign competitors enormously. The new paternal legislation involved sacrifices which, when there were no profits, fell on the wage-earning population. The reduced consuming power of the masses, consequent upon lower wages, intensified the competition among the producers, and thus further reduced both profits and wages.

There were, moreover, indirect results of our legislative vagaries, as mischievous, perhaps, as the direct ones. Who can wonder that, when our leading politicians fully endorsed and acted upon the fallacious supposition, that Capital and

Labour are naturally antagonistic, the working men of the country took the same view? When persuaded that their employers were their enemies, they naturally organised Trades Unions on the pattern of a fighting machine. Instead of still further accumulating the huge capital, which the Trades Unions during the Individualist era had amassed, they wasted the resources of their societies, their own private savings, and not seldom the contents of their homes, in inflicting losses on their employers. Their theory was that, if they did not resist the reduction of wages, and if they did not compel by means of strikes a rise in wages, employers would take advantage of their peaceful attitude in order to reduce wages, or else keep them stationary. They did not know, and the agitators were not able to tell them, that no combination or action on the part of the employers can keep wages down when trade is progressing, and that no number of strikes, be they however gigantic, can raise wages when trade is on the decline. It is only now, after long and sad experience, that they begin to understand the true effects of strikes, namely, reduced consumption, less available capital, perpetual depression, permanently lower wages, and more unemployed.

Let us hope that from this expensive lesson they will be enabled to perceive another not less indisputable truth, that uninterrupted work means increased capital, increased consuming power, increased demand for manufactured goods, increased demand for labourers, and higher wages. But, under the lash of the sophistries proclaimed by politicians and agitators, the workers did not understand that they might implicitly trust to the selfishness of the employer always inducing him to expand his business as much as possible, and consequently to secure as many workers as his business would require, and thereby keep-

ing wages at the highest possible point compatible with the permanence of his trade.

The workers have introduced into their Trade Union politics the same mischievous tendencies of class animosity that Parliament has introduced into the politics of the country. By an endless series of strikes they did their best to kill the goose with the golden eggs. The injuries they inflicted on their employers were precisely of that kind which rebound upon themselves. They prevented them from buying their raw materials on a large scale, and consequently compelled them to a sacrifice in the purchase price. They prevented them from taking large and lasting orders. They made it impossible for them to reduce their profits, consequently, their selling price, as much as their foreign competitors. They interfered with the management of their works, and thus placed British industry at a disadvantage. They caused any amount of needless annoyance and worry, and thus drove the wealthiest and the best employers out of the market, thereby placing themselves at the mercy of ruthless sweaters both here and abroad.

In this manner the direct and the indirect consequences of the return to old and exploded fallacies played havoc with British trade. As wages went down, as the number of the unemployed grew, the cry for more State interference was raised, and, like a drunkard whose craving for drink grows with every potation, the British nation is now thirsting for larger doses of the paternal legislation of which they are already the victims.

The tactics of both the great political parties have thus brought the country, and with it the Empire, into a position of constantly-growing difficulties. The situation may be summed up as follows: The British Empire contains a popu-

lation of about four hundred millions, who, with the exception of a small minority, depend for their necessaries and their comforts on the general state of trade. The balance of power rests with the masses of these islands, who are more dependent on trade than any other sections of the citizens of the Empire. These wielders of the power have been talked into adopting a system of government which is undermining trade, and bound, sooner or later, to bring it to a standstill. As this must result in misery and exasperation among the working-classes, it is inevitable that they should finally use their political power in order to appropriate such wealth as has already been accumulated—an operation that must involve the destruction of the Empire.

The wealthy classes will be the first victims by a process of State confiscation of all their resources. When the confiscated capital has been exhausted the masses of the people will have to pass through one of these ordeals which usually mark the downfall of a great State. Our insular position renders a sudden catastrophe alarmingly possible. Year by year and month by month we are gliding on a slippery slope, which ends in a precipice. The process, of which the end can already be foreshadowed, is constantly operating with increasing energy.

Onslaughts on capital are the sum total of the political programmes of both parties. Though, so far, capital has patiently submitted, and may yet to a certain extent patiently submit, to a system involving taxation, persecution, heavy risks, and annihilation of revenue, it should be remembered that the capital of the nation does not belong to the government, but to private persons. These can, despite every law that may be enacted to the contrary, at a moment's notice, transfer all their working capital to other countries. Under such circumstances it cannot

be expected that capital will remain in the country and submit to a slow process of annihilation. When a certain degree of persecution has been reached, capital will spontaneously and simultaneously quit the country. The point at which this will take place will be marked by the breaking down of credit, and the breaking down of credit in a country like England must come about the instant that any doubt is raised regarding the safety of capital.

The fear is that, with a constantly dwindling commerce and constantly growing demands from the destitute masses for more State charity, the government will finally have to increase taxation on capital up to confiscation point. The alarm which any such attempt, or rumour of attempt, must instantaneously produce, would cause the withdrawal of all balances in the banks. With an antiquated centralisation banking system such as ours, this would lead to the stoppage of all our banks. When in England the great system of clearing by credit and cheques breaks down there will be only a few millions of gold wherewith to meet thousands of millions of promises to pay. A general bank panic will therefore lead to a complete cessation of industry, and our great over-crowded industrial centres will be left without resources. Disorder and confusion will set in and fearfully aggravate the situation. The result will probably be that local governments, or either newly-formed emergency committees, will have to lay hands on any stores of food wherever found. The inevitable consequence of such insecurity of capital would be urgent telegrams to all foreign ports, ordering the retention of all cargoes of food intended for these islands. The stores of food being at any time extremely limited in Great Britain, such a self-inflicted universal blockade would produce an appalling famine in the country—and then a wolfish struggle for sheer existence

involving all the horrors recorded of beleaguered cities and shipwrecked crews.

The above sketched eventualities represent only one of the ways in which our political tactics are hurling the Empire to destruction. With the political, social, and financial situation strained to the highest point—increasing depression, growing class hatred, the power thrust upon a desperate proletariat, capital alarmed, credit and banking at the mercy of any strong British or foreign syndicate—a catastrophe may be brought about by many an unforeseen event. A serious riot, a general labour strike, an unsuccessful war, a lost sea battle, the failure of a group of banks, and many similar mishaps, may prove the detonator of the terrible mine. One thing seems certain. As far as we can ascertain from history, if we persevere in the lately adopted system of affording State charity to the bulk of the inhabitants of the State at the expense of the State, we shall have entered upon the beginning of the end.

Though one meets seldom with the full expression of such fears as these, there is in this country a very large number of thinking people fully conscious of the danger to which our Collectivist policy exposes us. Some of those who take a correct view of the situation deem it hopeless, and, believing that they have no power to arrest the course of events, subside into a state of cynicism and pessimism. Others soothe their conscience by the resolve to swim with the current only to a certain point—where position, popularity, and income may be secured—and then to stand by the country and the Empire. Others, again, look upon the situation as another stage of development in the human race, and believe that the sooner the present system, which they choose to call the Individualist system, breaks down and a Collectivist system *à la Bellamy* is established

the better for our nation and our race. These are the convinced Socialists. In a special chapter of this work we deal with their extraordinary delusions, and do so in the hope of reducing the number of fanatics who are ready to sacrifice our country and our Empire for a dream not only impossible of realisation, but illogical and contradictory in conception.

But, besides the pessimists, the corrupt partisans, and the Socialists, there are vast numbers of people in this country who place the highest possible value upon our free institutions, our British culture, our commercial supremacy, and our political power. With these people our escape from the present menacing situation rests. Only through their firm and resolute action can our country be piloted through the surf and the shoals ahead and again be launched on the road of progress and rational development. The character of our nation, the immense resources of our territories, warrant a future for our hardy race—a grand future, greater and more enchanting than any records from the past or any Utopias conjured up by the imagination. But present difficulties can be overcome, and a future rational development can be attained to, only by bringing our laws and institutions into complete harmony with the laws of nature and economy. The haphazard legislation, according to prevailing prejudices, false sentiment, party exigencies, and popular fallacies, must cease.

Some time ago it would have been impossible to unite in common action all such Britishers as would unhesitatingly place the weal of the nation before party interests, private aims, and particular fads. The maintenance of the two great parties was then a *sine quâ non* for political progress. The Conservatives and the Liberals in Parliament were the delegates of two great national camps, and such reforms

as any section of the people desired to accomplish had to be passed by the party to which that section belonged. But of late the cohesive force of the great parties has weakened enormously. That which mainly served to keep them together has disappeared. The long struggle for power between the masses and the classes is at an end. It has been decided in favour of the masses. There is at present no unity of purpose. All the measures now on both the programmes, though party measures of abstract politics of little or no interest for the people, fail to secure the unanimous adherence of the members of each party. The Welsh and the Scotch Church questions, the Old Age Pensions, the Eight Hours' Day, and many other questions have opponents and supporters in both parties. Both parties consist partly of Socialists, partly of Individualists. The Liberal programme is for the most part constructed on the log-rolling principle, and the party is divided into more or less fanatical groups of extremists ready to quarrel among themselves. The Conservative party have for their programme a few Liberal measures in a moderate form heartily detested by the majority of its members, and is held together by a negative policy.

This tendency of new party groupings constitutes England's chance to escape from serious complications. The men on whom the country can count in its present dilemma are now scattered in the various camps, and, the looser the old party ties become, the easier will it be for them to join hands in rescuing the country and the Empire from the now impending danger. What the country needs is a party free from the pledges, the traditions, prejudices and class-interests of the old parties, and so soon as a nucleus of such a party is formed, the best elements of the nation, and especially of the working classes, will rally round the standard of the new

movement. Be the leaders either plucked from among the present political coryphees, or be they new men, matters little: for there is every sign that henceforth the motto of the nation will be 'Measures, not men.' Such a party could only come into existence by renouncing for ever the old weather-cock methods, and by adhering to sound, scientific principles of government.

It is only justice to a large number of our politicians to emphasise the fact that their chief reason for adhering to miserable programmes is the want of knowledge among the people of what a sound patriotic programme should be. Not only in Great Britain, but all the world over, the politicians, wedded to absurd economic notions, are faced with a mass of problems for the solution of which the masses clamour. But, holding their power in virtue of a popular vote, they are compelled to humour the masses, and are debarred from adopting any Individualist Programme until an Individualist Party exists.

The first condition, therefore, for the existence of a new popular party must be a clear and comprehensive programme, accompanied by completely convincing proofs of the possibility of carrying all its main points in a manner that will fulfil the best aspirations of the nation, tend to the happiness of not merely the greatest number, but of all capable of enjoyment, consolidate the Empire, and maintain the British race in the foremost rank of progressing nations.

If such a programme has not so far been held possible, it is because the nature of human progress has been incompletely understood.

The essence of civilisation is division of labour. Compulsory labour was the starting-point of civilisation, and the slow progress that humanity has achieved during

thousands of years is one continuous, though zig-zag, development towards individual freedom. Political reformers and framers of programmes have not understood that any further progress must be in the same direction. They have, yielding to all sorts of temptations, constantly fallen back on retrogressive compulsory methods, by way of expediency in order to achieve their immediate objects. A programme such as is suggested above cannot be conceived or carried unless it is in complete harmony with the great universal progress towards individual liberty, which, as far as can be known by mortals, is the first and immediate object of the scheme of humanity.

II

ESSENCE OF EXACT POLITICAL ECONOMY

THE term Political Economy has, from lack of a clear definition, often led to misunderstandings. In the books of some writers it means considerably more than in those of others. There has never existed, unfortunately, any general agreement as to where Political Economy ceases and where other branches of knowledge begin. During the last twenty years the modern British economists have enormously added to the confusion of opinions as to the real meaning of the term Political Economy. Instead of lifting their subject out of the entanglements with other sciences into which previous writers had plunged it, they have mixed up their Political Economy with Domestic Economy, Sociology, Ethics, Philosophy, Politics, and Religion. Some of our modern economists have found that the term Political Economy incompletely describes the works they have produced, and have discarded it for the more comprehensive, but more vague, term 'Economics.'

It is only fair to mention the reasons or the inducements for the modern complications of a comparatively simple subject. They will be found in the natural desire of the University economists to render their books more popular and to bring them into harmony with the prevalent political opinion and popular views of the time. The conclusions which necessarily followed from the true but incomplete reasoning of writers like Mill and Herbert Spencer, to say nothing

about Malthus, had naturally appalled the masses. It was to millions a command to abandon hope—a command which rendered the world shockingly like Dante's 'Inferno.'

But the masses were not willing to abandon hope. It is easy for the well-to-do professor, who makes money and fame by writing pessimistic books, to be a pessimist, but poor and struggling people cannot afford to dispense with hope. Political Economy became thus the bugbear of politicians, agitators, clergymen, philanthropists, and many other good people, and was dubbed the Dismal Science. The working classes, though they could not disprove the dogmas of the dismal economist, rejected them with scorn, not on logical grounds, but in obedience to those strong convictions, often entirely correct, which arise from faith and instinct. Political Economy having thus become intensely unpopular, our contemporary economists set about to transform their science in order to suit popular taste. In this, however, they have not succeeded. Their 'Economics' are more hopeful than the dismal Political Economy, but, alas, so vague, so intricate, so confused, so illogical, and so politically biassed, as to inspire no confidence whatever. They have only succeeded in discrediting the science they hoped to render popular. The result is that Parliament legislates, politicians speak, and the more impetuous portion of the press writes, as if the laws of Nature and the laws of arithmetic had entirely broken down in all their relations to economic matters.

In this chapter the term 'Economics' will not be used. The term 'Political Economy' will be maintained, but in order to arrive at a yet clearer distinction and to avoid confusion with what the older economists called Political Economy, the word 'Exact' has been added to the term which designates the subject of this chapter.

Political Economy being a comparatively new branch of knowledge, the nature of which does not allow the adoption of a new nomenclature, has been endowed with a mass of words which were previously used in connection with other subjects. A great many of these terms have a different meaning in Political Economy from their older significations. This has caused much confusion, especially as definitions have not always been the strong point of our economists. Even the simple word 'economy' has been allowed to retain but a hazy meaning.

Before Adam Smith there was no mistaking the word Economy in England. But since he laid the foundation of the art of enriching nations there are at least two meanings attached to this term, namely the old meaning, which now for clearness' sake should be 'Domestic' or else 'Patriarchal' Economy, and the new meaning, 'Political Economy.' Endless confusion has been caused by writers who, instead of distinguishing carefully between the two significations, have hopelessly entangled the one into the other. The two subjects which the two terms denote stand in no direct relation to each other—at least in no other relation than, for example, art, intelligence, carpentry, might stand to Political Economy.

As we here treat of Political Economy exclusively, there would have been no necessity to refer any further to Domestic Economy, had not the principles of Domestic Economy been frequently applied to States, and were there not all over the civilised world a marked tendency to govern and legislate for nations on such principles. As it is, we must necessarily establish a clear distinction not only between the two terms but also between the two principles and the two systems they denote.

Domestic Economy presupposes absence of individual

freedom. It involves a division of labour established authoritatively, controlled by one central authority in possession of all the capital and with power to compel work and distribute products.

Thus a farm, a factory, a workhouse, a plantation worked with slaves, a country governed with unrestricted despotism, would be so many illustrations of applied Domestic Economy. Though methods and means of coercion might differ considerably, these concerns are, however, all worked on the same economic principle—the principle of Domestic Economy.

Political Economy, on the other hand, presupposes individual liberty, private ownership of property, a division of labour by free contract, and rewards regulated by the laws of supply and demand.

In order to save words, the two systems are sometimes called the compulsory system and the free system.

The ancient Empires had all their division of labour based mainly on the principle of Domestic Economy. Feudalism was a transition from the compulsory system to the free. In our times all civilised nations are supposed to have their division of labour organised on the principle of Political Economy or the free system, though in reality the principles of Domestic Economy have been largely resorted to everywhere. To guard against vagueness, it may be useful to reply to a question which here might be asked: Does a man who in England works in a factory for wages live under a system of Political Economy or of Domestic Economy? The answer obviously is: He lives under a system of Political Economy, and, being a free agent, he has by free contract submitted to a system of Domestic Economy during certain hours, and on certain conditions determined by demand and supply.

In spite of the Socialistic tendencies of our times, it is not likely, that any civilised country will return to the compulsory system of division of labour. The masses would not submit to it. Profit on production is already extremely small as it is, and under the expensive management by bureaucrats, uncontrolled by any free press and authorised to exercise unremitting army discipline in every detail throughout each individual's life, production would yield profit only on condition that the keep of the masses were reduced to the smallest possible cost. But even if all civilised countries were governed on the principle of Domestic Economy, there would be no occasion to say much about it in a treatise on Political Economy, as under universal Socialism that branch of knowledge would be as superfluous as the science of navigation would be if all shipping were abolished and replaced by a submarine railway traffic. The government of socialistic States would have to adhere to the system and methods of Domestic Economy: that is, they would have to sweat their people as much as possible in order to raise the means for administration and defence, to say nothing of the police force and other means of coercion which would have to be organised on a colossal scale in order to keep the people under constant discipline.

It is, therefore, entirely outside the domain of Political Economy to treat of legislation or methods adopted or intended to be adopted in a socialistic State. Even the *pros* and *cons* of isolated socialistic features in a free country cannot properly be examined from a politico-economic point of view, as they necessarily come under the heading of Domestic Economy. A nation should first decide to adopt or submit to one of the two systems, the free or the compulsory one, and then look round for the

best method of carrying out the chosen system. If the compulsory system has been selected, the principles of Domestic Economy should be studied; and if the free system has been adopted, the laws of Political Economy should be mastered and allowed free play. It will, therefore, be clear that we have nothing to do with Domestic Economy in this chapter, and we shall refer to it only when necessary or useful for the sake of illustration, comparison, or in reference to actualities.

Though we are supposed to live under a free system, our legislation has from olden times been permeated by acts of compulsion, defensible only on the ground of Domestic Economy; and during the last decades a host of such acts have been added to our statutes. We live consequently under a hybrid system, which, however, in spite of old socialistic laws retained and new ones added, is still predominantly free. Under such circumstances it is natural that writers on Political Economy should be asked which is best for the nation—the compulsory system or the free, or, in other words, a Collectivist or an Individualist system of division of labour. To such a question economists do not reply in their capacity of economists, but as philosophers or sociologists, because the question is entirely outside Political Economy. Our reply to such a question would be that the compulsory system is the best for a nation too savage, too corrupt, and too ignorant to use their individual liberty for their own advantage. To such a nation the evils of coercion may be less than the evils flowing from misused liberty, but only on condition that the coercing power is naturally, or has an interest in being, benevolent, and that it emanates from people superior to the coerced nation. To a people including a majority of individuals enlightened enough to understand what is advantageous and what is hurtful to

them, we consider the free system incomparably better than the coercive system; and this not only because it is the only system compatible with material happiness and the smallest amount of suffering, but because individual freedom is the indispensable condition for intellectual, æsthetical, and moral progress.

As to the relative productiveness of the two systems, the free and the compulsory, that of the free system is incomparably larger. In the ancient Empires, under the compulsory system of division of labour, works and buildings were accomplished, the ruins of which amaze us to-day. But these wonders were achieved slowly, and while such work was in progress the general production for the well-being of the people was for the most part at a stand-still. Thanks to the free system of division of labour, which we at least partially enjoy now, production is marvellously prompt and effective. Not only large buildings, but railways, tunnels, telegraph lines, steamers, machines, etc., are constructed quickly and easily, while an enormous mass of highly finished and attractive goods are turned out for the daily consumption and use of the masses. Science and invention have, of course, enormously assisted modern production, but it is no exaggeration to say that science and invention are to a large extent the outcome of free division of labour, and that they could not very well find their present wide application without it. Besides, in the compulsory systems of the past the object was one which did not allow the workers to be considered. If the production of wealth for the people themselves be the object, the free system of division of labour is therefore infinitely preferable to the compulsory.

In their eagerness to discredit the dismal Political Economy, some of the sentimental economists of our day,

are apt to deny the fundamental postulates of Adam Smith's school. The desire of human beings to obtain each for himself as much wealth as possible with the smallest amount of exertion; to buy in the cheapest market and sell in the dearest; to secure advantages and avoid losses—in fact, the existence of that universal selfishness which the old Political Economists seem to assume, is declared to be a fallacious supposition. We are told that all men are not selfish; that many buy deliberately in the dearest markets on charitable or patriotic grounds; that many spend their lives in securing advantages to others by sacrificing their own, etc. In reply to such assertions we might assert that the desire to profit might not be selfishness, but love of others—wives, children, friends, etc.; that bad bargains struck on charitable or patriotic grounds are so few compared with the universal commercial and financial operations of the world as to lose all significance; that actions and even lives of self-sacrifice have never exercised any perceptible influence on trade statistics, prices, supply and demand of coin or goods, etc. But such rejoinders would be entirely superfluous and out of place, as we need only point out that Political Economy has only to do with the 'business' of the world—with production, distribution, consumption, etc., and that Political Economy has no more to do with all these innumerable doings of humanity prompted by sentiment, duty, folly, and passion, than has the colour of the paper on which a geometrical figure is drawn to do with geometry. It is as much out of the question to look for the effects of the laws of Political Economy outside free business relations as to apply the rules of spelling to a painting.

Consequently no logical mind will dispute the chief postulate of all rational economists, namely, that human beings,

as individuals and as States, will in all their business transactions and all matters of economy aim at securing the greatest possible amount of wealth for the smallest possible expenditure of work, and in all bargains as many advantages as possible with as few disadvantages as possible.

To ignore or to dispute this postulate is all the more futile, and the sentimentality which induces such reasoning is all the more mischievous, as in virtue of the irrefutable economic law (which may also be described as a sociological law, nay, even as an ethical and religious truth)—the solidarity of humanity—no man can benefit himself except by benefiting all men, and that no man can injure others without injuring himself.

This economic law, the true basis of all correct economic reasoning, will be explained further on, after the economic significance of certain leading features in our civilisation has been shown in its true light.

Experience early taught men that by combining their work they could achieve far more than by working single-handed. They found that by co-operating they could accomplish things entirely impossible for an isolated individual to achieve, that they could work with more ease, with less danger, on a larger scale, more systematically and more continuously. The advantages of co-operation were especially striking in the tempered zones, and the countries subject to rigorous climates, where the comforts of life were almost entirely dependent on personal exertion, forethought, and stored resources. To this fact may partly be attributed the stupendous development which division of labour has attained in Europe. It is natural that the people living in tropical countries, able to satisfy all their wants by simply plucking the fruits from the trees, or catching the fish in the sea or the rivers, should pay but little attention to the best

methods of rendering work easy, and consequently that they should not improve their system of division of labour.

The first attempts at dividing labour were no doubt made within the family circles, such work being allotted to each member as suited best his or her age and abilities. The obvious advantages of leaving each man to do such work as he could best execute, and of allowing him to work without interruption, led to the development of special trades. Thus the men who made and supplied the others with weapons and hunting implements were in return supplied with game by the hunters, and so on.

Division of labour was further extended when co-operation was established between different communities. The different localities, the varying resources, and the diversities in tastes and abilities, caused each tribe and each neighbourhood to devote themselves to specialities, obtaining such products as they did not produce themselves from other communities.

The division of labour within each household, and sometimes within each tribe, was of a domestic or patriarchal nature—that is to say, it was compulsory. The head of the household or the tribe, or in some cases the elders of the tribe, supplied the raw materials, allotted to each member his task, and awarded to each an appropriate recompense for his work. But when two independent families, or other groups of people, or two strangers, wished to utilise each other's products, their co-operation could not take place on the principles of patriarchal division of labour, or Domestic Economy. There were in such cases either two arbitrators with opposing sympathies and both interested, or else there were none. Co-operation, therefore, between independent communities, or strangers, operated in the form of exchanges.

The inhabitants of districts in which fish was an easy product exchanged such with the inhabitants of other districts where other products than fish were more easily obtainable. Sometimes fixed periods and convenient places were appointed for such interchanges of products. These gatherings were called fairs, and while remnants of them still linger in our country, they flourish with but little change in the East. Thus the famous fair of Nijni Novgorod still remains as an illustration of one of the earliest evolutions of division of labour.

As division of labour extended, and as many communities began to co-operate through exchanges, the primitive system of direct barter became onerous. By the term barter we here understand the direct exchange of one article against another without an intervening medium of exchange, the value of each article being expressed in quantities of the other. It is evident that when one individual wished to exchange, say, ten articles against ten others, not only the bargaining, but the measuring and weighing, became a very complicated and tedious affair. The use of a value-measurer was, therefore, early resorted to. If the accepted value-measurer were, for example, fox-skins of average size, the exchanges became much easier when the value of each of the goods to be exchanged was determined in fox-skins. It was, of course, soon found that the actual presence of the fox-skins was not necessary to the transactions. If, after a certain quantity of goods worth so many fox-skins had been exchanged for another quantity of goods worth a less number of fox-skins, there remained a balance of fox-skins, this might easily be settled by an additional quantity of goods valued in the same manner. Thus primitive man knew by experience what our currency theorists and bi-metallists fail to grasp, namely, that such goods, or such

metals, as have been accepted as value-measurers, need not be bodily present in order to complete bargains.

As exchanges brought people of many different districts into communication, it became necessary that a useful value-measurer should consist of goods sought for by all the communities participating in the exchanges. If, for instance, a coast tribe adopted fish-hooks as a value-measurer, the exchanges between themselves might thereby be facilitated, but when their exchanges extended to tribes that had no use for fish-hooks, such a value-measurer would simply complicate and confuse the bargains. But if, on the other hand, they adopted, as a value-measurer, some ornamental shell, desired by all the tribes in the country, as many African tribes had done, their valuations and their bargains would be greatly facilitated. It was, therefore, natural that only such goods as were in general demand were adopted as value-measurers.

The resorting to value-measurers greatly extended division of labour by means of exchanges. Small bargains were thereby specially facilitated. By keeping a small stock of the value-measurer desired by all, goods could be readily obtained, even in small quantities, by exchanging a small quantity of the value-measurer against a corresponding quantity of the desired goods. These indirect exchanges —exchanges by means of a certain quantity of the value-measurer—were called buying and selling, as distinct from bartering. In order to be ever ready for such indirect exchanges—or to buy—it was necessary, and extremely useful, for every man to keep a certain quantity of the value-measurer. In this manner the value-measurer itself became the first medium of exchange.

Many kinds of goods have been used as value-measurers at various times, and in various countries. Some have been

extremely awkward, such as heads of cattle, reindeer, etc., because they could not be divided, or cowries, the value of which is diminished by their superabundance where they are gathered, or pieces of cloth which vary in quality, or skins which vary in size. The metals presented advantages which rendered them specially suitable as value-measurers. Every country and every tribe required them, they were not easily destroyed, they could be readily re-manufactured, and, above all, they could be divided into small parts without losing their value. It was consequently by a process of the selection of the fittest that the metals came to be the value-measurers, and the ideal media of exchange of every nation entering upon the road of civilisation.

In order to save words, a certain weight of metal was given a short name, and the quantity of metal thus designated did service more especially as the value-measurer. Thus 57 lbs. of silver was by the Greeks called a talent, and when they said their property was worth one thousand talents, it meant that its value corresponded with that of one thousand times 57 lbs. of silver.

Some of the metals, such as lead, iron, and copper, being found in large quantities, and varying frequently in value according to demand and supply, they were found unsatisfactory value-measurers in large transactions. Their weight and bulk rendered them extremely inconvenient as media of exchange in bargains of any importance. By another evolution, in obedience to the law of the survival of the fittest, the precious metals became the value-measurers of nations wealthy enough to possess any quantity of them. In order to facilitate the handling of them, and to avoid the trouble of weighing and testing, the precious metals were subdivided into small equal parts, and each part was stamped with signs or inscriptions, which indicated that they con-

tained a certain amount of metal of a certain alloy. In this manner coins were introduced. Subsequently laws were promulgated, which stipulated that such words, under which the coins were known, such as pound, mark, livre, thaler, etc., should signify so much metal, of such alloy.

The stamp on the coin, the name under which the coin was known, the recognition by the law of such a name—all this gradually caused the coin to be regarded as something apart from the metal of which it was made. Its two separate functions, that of value-measurer, and that of medium of exchange, gradually failed to be distinguished the one from the other, and as almost everything came to be valued in coin, the fact that coin was simply a certain quantity of a commodity slipped from the people's minds, and coin wrongly came to be looked upon as a kind of mechanism, by means of which all buying and selling was carried out.

When the masses became used to the coin, when they accepted it without testing or weighing, taking it on trust simply on the strength of the stamp it bore, this stamp became the chief consideration. All the more so, as princes and governments invariably arrogated to themselves the exclusive right of stamping coin, or, as they call it, of minting. The assumption of this prerogative was generally approved of by the people, who believed that in this manner uniformity and protection against fraud would be secured. But when the princes and governments found that the people attached more importance to the stamp than to the intrinsic value, they soon hit upon the device of issuing coins under the old names and the old stamps, but made of less or worse metal. So long as this fraud was kept within reasonable limits, it caused hardly any inconvenience, and even when it was carried to so large an extent as to depreciate the coin of the country, the people were bamboozled by the govern-

ment receiving the debased coin in taxes without deductions for the lowered value. A man who had to pay ten livres in taxes would receive from his debtors ten livres in debased coin, which might be worth only eight livres in the old unadulterated coin, but did not protest because he knew that the government would receive these ten livres in taxes without deducting for the debased value. That the government afterwards raised the taxes, making the tax-payers pay twelve livres, instead of ten, was looked upon as an incident entirely disconnected with the debasing of the coin, and emanating from the financial stress of the government.

Such operations on the part of the governments greatly furthered the public misconception, which attached more importance to the stamp than to the intrinsic value of the coin. This misconception has also been encouraged by the use of tokens in which the stamp is everything, and the intrinsic value of an entirely secondary consideration. The confusion became worse confounded when governments and banks, finding that tokens circulated as easily as full-weighted coins, began to circulate their stamps alone, in the shape of bank-notes.

The full process of development of modern media of exchange, from the unstamped lump of copper up to the English country banker's note of to-day, has been given here, so that it may be clear that, though forms, habits, customs, and views have changed, no actual change has taken place in the real nature and the economic significance of the value-measurer. We call a £5 note five pounds, and we can use it as if it were five golden sovereigns, but we only need to read the text of the note to find that it is simply a promise to pay five pounds. The note simply circulates on the strength of the great probability that it will be redeemed with five golden sovereigns. The five golden sovereigns, on

the other hand, are by Act of Parliament bound to contain a fixed quantity of gold of a certain alloy, and any sovereign containing less may be repudiated. Consequently, the value-measurer is now, as it was far back in antiquity, a certain quantity of metal.

The introduction of coin, and its representatives, has enormously facilitated the extension of the division of labour. To say that buying and selling have become easy is to say that universal co-operation is easy. If primitive man found great benefit from division of labour, we in our turn might fairly say that it is capable of apparent miracles. Whether we contemplate its functions within a modern factory, or in international commerce, we must marvel at the effects it produces. In a factory established for the manufacture of one of those thousands of objects of comfort and utility, which have become almost second nature to modern civilised man, the large and rapid production, the low cost, the wonderful accuracy, the exact uniformity, the perfect finish—all this is the result of division of labour.

To each worker is allotted the task to submit only one piece of a perhaps complicated instrument to one single process. As soon as the piece has gone through the process, it is passed on to another worker who brings it one stage nearer completion. The same system is continued until the article is properly packed, and ready to leave the works. The gain of such a system of division of labour consists not only in the time saved by each individual worker keeping the same tools, standing in the same place, and maintaining the same attitude, but also in the extraordinary skill each worker acquires in his speciality. But, perhaps, the greatest advantage is the application of special tools and machinery to every special process, which is only possible and practicable

in connection with a large production carried on through minutely sub-divided labour.

The economic results of this modern method of production are very considerable. It would not be difficult to make out a list of articles, the cost of production of each of which has, through modern division of labour, been reduced to one-thousandth part of what it would have cost if produced by one man alone.

Great as the importance of division of labour practised in the workshop is, it pales before that of the universal system of division of labour, which is at the same time the essence, the motive, and the very life of modern civilisation —the system by which one man works for millions and millions work for one man. Thanks to this system, one individual can, by fulfilling a simple easy duty to the rest of humanity, perhaps in turning a handle, watching a machine, keeping a book, or superintending a staff of men, help to produce comforts, luxuries, and pleasures, towards which hundreds of generations of now dead, and millions of living people, have contributed their work. For there is no limit, either chronologically or geographically, to this uninterrupted, ever-working system. Every modern product is the last link in an unbroken chain of productions, taking its origin in the action of some primeval man shaping a piece of flint into a tool. The flint axe broke the ore from the rock, and cut the timber for the furnace, and the first iron tools were produced. The iron tools were handed down, and produced better ones, until the steel tools took up the work, and produced machinery. Machinery produced machinery, until enormous pieces of metal and huge masses of matter were capable of being handled with less exertion than that with which the first flint axe was produced.

At this moment people in every clime are working to produce goods, each of which will be spread over the globe. The Indian worker in the tea or indigo plantation labours for all those who will drink the tea or wear the clothes dyed by the indigo. The number of people all over the world who will be finally benefited by the British coal-miner is practically infinite, because his produced capital will spread in the form of new productions from district to district, and from country to country, and will be continuously handed down, minutely sub-divided from generation to generation.

The mission of division of labour is to make humanity wealthier, that is to say, to facilitate work, so that necessaries, comforts, and luxuries may be obtained at the smallest possible expenditure of work, and thus leave human beings more time for physical and mental development, for art, science, and enjoyment. There can be no doubt about the power of division of labour to accomplish this. It has always been hinted that man's productive power has, in many cases, multiplied a thousand-fold, and with the rate at which the inexhaustible powers of nature are being enslaved by invention and discovery for the profit of man, work will go on acquiring a constantly-growing potency. Nature supplies practically inexhaustible stores of raw materials for wealth, and by means of constantly improved division of labour, the process of transmuting these raw materials into enjoyable wealth is becoming easier. The result of extending division of labour should, therefore, be less labour and more wealth for every human being. If, so far, the extended division of labour in the world has not produced such results for a great majority of the people, it is not the fault of that Power which has evolved the scheme of humanity, but of legislators who have interposed artificial obstacles to

the natural development of universal co-operation, as we shall demonstrate in the following chapters.

The present generation continues the work of preceding ones by utilising such stores, instruments, tools, and machinery as have been produced by their labour. In other words, the products of one generation form the capital of another.

The term capital belongs to those terms which have been appropriated by Political Economy from other branches of knowledge, but which, when so appropriated, assume a new meaning. The word capital has been borrowed from the terminology of commerce and finance where it signifies the total of the possessions of an individual or a firm. The economic term capital means those material results of previous labour which are consumed in or intended to be consumed in production.

All who wish to study Political Economy should carefully avoid confusing the economic term *capital* with the commercial term *capital.* Such confusion has unfortunately been common with many writers on Political Economy, and they have therefore involved themselves and their readers in many entanglements and difficulties. It should specially be borne in mind that any intellectual or moral results of the exertions of previous generations which man inherits cannot be considered capital in the economic sense of the word, whatever they may be in any other sense. Exact Political Economy deals only with material wealth, and the methods by which it is produced and distributed. Capital (the word will henceforth be used only in its economic sense, except when otherwise indicated) is often confused with the word wealth. Wealth is such material things as are desired by human beings, and therefore exchangeable. Consequently a great many things are both wealth and capital. Thus, for

instance, a silver statue is wealth, so long as it is kept for ornamental purposes, but if it be melted and manufactured into forks and spoons it would form part of the capital in that production. From the definition given above of the term capital it will be clear that there can be no capital unless there be production, just as there can be no weft or warp if there be no web. Consequently when wealth is consumed in a production it becomes capital without ceasing to be wealth, just as the yarn becomes weft or warp when woven into a web without ceasing to be yarn.

From the above definition of capital it also results that coin as such is not capital. It is imperative to bear this fact in mind, as the value of capital is nearly always expressed in coin. The most deplorable mistakes have been committed in all civilised countries by confusing such terms as wealth, capital, and coin. Thus, for example, a colony, or a quasi-virgin country, abounds in wealth of all kinds. The question is, how to utilise it? The exploiteurs find that they are short of capital, though in possession of an immense amount of natural wealth. Confusing the terms, capital and coin, it seems natural to them to borrow coin in order to obtain capital, and by this process they not only fail to obtain the required coin, but they lose capital, and plunge the country into all the economic and financial miseries which our Colonies and other new countries have so largely experienced. How this comes about will be further explained in the chapter dealing with Labour and Capital.

In order to get out of the difficulties which result from confusing the two meanings of the word capital, some economists endeavour to make a distinction between *fixed* capital and *floating* capital. Their idea is that such things as are often sold and bought and easily movable should be classed under the heading of *movable* capital, while such

things as are difficult of realisation, or remain attached to the ground, should be termed *fixed* capital. If we try to apply these theories their futility becomes evident. According to them, a steam-engine on wheels in possession of a farmer is *floating* capital, but if the farmer takes the wheels off and places the engine on a brick foundation it becomes *fixed* capital. Anybody can imagine to what confusion such theories must lead. In Exact Political Economy no such distinction is required, and could serve no purpose.

Our Colonies and other countries, when they wish to raise a large loan, often state their case as follows:—We have any quantity of *fixed* capital in our natural resources, but we are short of *floating* capital wherewith to develop them, and we wish to raise the required *floating* capital by means of a loan. But they would come nearer to the truth were they to state their case thus:—We have immense natural wealth, and require a clearing system by which we can co-operate in transmuting these resources into wealth, but, not knowing the right way of financing production, we must have resort to the clumsiest way on record, namely, by borrowing gold from other countries to the full extent of our operations, and thereby destroying our prosperity for many years to come.

The mistaken legislation, of which we treat in subsequent chapters of this work, has produced a state of things throughout the civilised world which has given rise to very serious misconceptions regarding the relations between capital and labour. Though such legislation is almost equally detrimental to the capitalist and to the labourer, the latter may be considered its chief victim. A heavy loss to the capitalist may mean only a reduction in his wealth and his income, while the loss of thirty shillings per week to a labourer may mean the loss of his total income and absolute

starvation. The anomalies which have arisen from mistaken legislation may afford opportunities to the capitalist to recoup himself by speculation, by cornering, by sweating, and by usury, while it affords no such opportunities to the labourer. Hence an antagonism between capital and labour, which often breaks out in bloodless war, fought at enormous sacrifice on the part of the workers.

This antagonism between capital and labour has been, by many economists and writers on social topics, considered as a natural one. Some of the pessimistic school look upon it as an inevitable condition, and the natural operation of the law of the survival of the fittest. Others base on this supposed antagonism whole systems of reasoning intended to demonstrate that rationalism—the development which is presided over by the human reason—necessarily involves the assertion of self at the cost of others, that the interest of the individual is diametrically opposed to that of society at large, and that individual actions, dictated by reason, would gradually destroy and degrade the human race, if there were not altruistic checks, such as the religious influences, combating selfishness in virtue of the law of social evolution.

Those who have built elaborate systems and ingenious theories on the natural antagonism between capital and labour have built on a fallacy. Not only is there no natural animosity between capital and labour, but there is, on the contrary, between them a natural solidarity. Whatever is harmful to labour is harmful to capital, and whatever is beneficial to capital is beneficial to labour. It is true that thousands of years of experiences, as well as present-day actualities all the world over, appear to disavow this truth. But the solidarity of capital and labour, as well as the solidarity of the whole of humanity, is an economic fact which may easily be obscured, or an economic law the opera-

tion of which may easily be suspended by artificial means. But this does not prevent it from remaining a truth all the same.

To say that capital and labour are antagonistic, because bad laws induce them to war against each other, would be as absurd as to deny the law of gravitation because a balloon ascends into the air. The natural force which attracts bodies to the earth can be so utilised as to suspend bodies in the air, as in the case of the balloon. In the same way the economic forces can be so employed as to produce apparently opposite results to those they would produce when not misdirected. For thousands of years the relations between capital and labour have been vitiated by wrong-headed legislation and institutions, and to-day every civilised country has, in ignorance of the laws of Political Economy, heaped up a mass of legislation powerfully tending towards the destruction of the natural solidarity between capital and labour.

Capital and labour are indispensable to each other. Labour without capital in a modern society is almost inconceivable, while on the other hand, capital begins to perish the moment it ceases to be employed by labour. A mill that does not work, a ship that does not sail, farm implements that are not used, stores that are not employed, consumed, or reproduced—all these would perish rapidly if labour were not employed to keep them in good condition. The capital they represent would be utterly lost by the influence of time if it were not employed in the production of new forms of capital. From this it follows that, as available capital in the world grows, so must the demand for and the pay of labour grow. On the other hand, destruction of capital must tend to reduce the demand for labour and lower wages.

This undeniable truth is not impeached by the apparent displacement of labour by machinery, as many would have it. Every machine which produces new capital with less destruction of already existing capital (provisions, worker's clothing, housing, etc.) than was the case with hand-labour, tends to increase the capital and therefore the wages of the workers.

The apparent contradiction of the fact, which we know by experience, that machinery largely applied in a country tends to raise wages on the one hand, and the popular belief that machines take away the work from the people on the other, can be easily explained. When a new machine is introduced, doing the work of twenty men, and nineteen are dismissed, these blame the machine for their enforced idleness. But when, thanks to the machine, trade improves, capital grows, and commerce expands, and the nineteen men in consequence find new employment easier and more lucrative than the old ones, they are apt to attribute this to any other cause than the machine.

The many anomalies which are so abundantly produced under our present vitiated system, such as low wages and sweating, appear to the superficial observer as convincing proofs that what is the employer's advantage is the worker's disadvantage. But when we inquire minutely into the matter we find that under conditions established by legislation the workers have to choose between either no wages at all or the wages of the sweater. The sweater himself, having to compete with others, and the consuming power of the world being small, capital scarce, and poverty prevalent, can only create a business and keep it going by excessively low cost of production. It is better for society that work should be done under these unfavourable conditions than that it should not be done at all; for it is with nations as with

individuals — when they have been ruined by their own folly or by misfortune, the best remedy is to work hard and to consume little. If special legislation did not prevent a natural development, each sweater's den would prove a source of prosperity. It would only be a question of time when the demand for workers would exceed the supply, and consequently induce the thrifty employer to shower benefits on the workers as energetically as he had been sweating them before.

It may be objected here that, once arrived at the stage when capital has accumulated sufficiently to require a larger number of workers than would be available, the solidarity between capital and labour would cease, because labour would be in a position to exact an ever larger portion of the profit of production at the expense of capital. The reply to this is that, as capital ceases to grow, wages cease to grow, and any demand on the part of the workers that would tend to diminish capital would diminish wages. Besides, it should be remembered that through the increased prosperity and the high wages, which the harmonious co-operation between capital and labour would bring about, the consuming power of the masses would be increased to such an extent as to raise prices of goods in general, and considerably ease the competition between manufacturers.

The same kind of solidarity that exists naturally between capital and labour, employers and employed, landlords and tenants (on which we shall dwell in the chapter on 'Free Trade in Land') exists between all human beings who are not by circumstances excluded from the universal co-operation.

Though, as has already been stated, potent artificial causes have been created, tending to produce a very different state of things, we can everywhere find confirmation of the reality of universal solidarity. The shop-keeper who serves

his customer best, obtains the largest trade; the manufacturer who turns out the best goods, makes a fortune by his trade-mark. Such exceptions as may be quoted are often in reality confirmations. The usurer, who appears to enrich himself at the expense of his clients, in reality kills the geese with the golden eggs. Besides, his occupation is one which has become necessary or even possible through bad legislation. If the law did not forbid him, he would probably become a note-issuing banker, or a shareholder in a bank, and would make more money for himself by helping others to make money than he now gains by usury. The grasping, selfish man, who aims only at the accumulation of wealth, as long as he does the best he can for this object, does not harm, but serves his fellow-beings. The wealth he acquires he re-invests, and every penny which is added to the working capital of the nation is a benefit to every man in the country. If he were to hoard his gains by hiding them away, he would harm his fellow-beings, but only by harming himself.

The law of solidarity holds good between nations, as well as between individuals. All that is spoken and written about one country gaining by the losses of another country is the result of confused reasoning. We are often told that German industry is developing at the expense of English. As far as this is intended to mean that English workers become poorer because German workers become more prosperous, it is not only untrue, but cannot possibly be true. Under natural circumstances, even the smallest increase in the prosperity of the Germans would cause an increased consumption of English goods, raise their price, and increase the profits of English manufacturers and English workers. The Germans would consume more of their own goods, and have less to send abroad to compete with English goods all

over the world. It is not German prosperity that damages England. It is that German poverty, which is the result of Protective Duties, Bank Monopoly, enormous taxation, and other economic mistakes, that compels the Germans to work cheaply. For this artificially-produced poverty not only lessens the consuming power of the German people, but also, to some extent, the consuming power of all the nations that trade with Germany. The idea that any nation could become prosperous by first providing for their own consumption and then exporting large quantities of manufactured goods in order to compete with other nations, is so absurd as to hardly require refutation. It suffices to point out that no country can export more than it imports, a fact which is proved in the chapter on 'Imperial Free Trade.'

Though Governments and Parliaments think otherwise, it is not possible to quote an instance of one country really benefiting by the misfortunes of another. Cases in history, such as the fight for the supremacy of the sea, for the possession of colonies, for commercial treaties, cannot be quoted in support of the opposite view. In all such cases we find that the Powers that have lost in such struggles, far from having done their best with the advantages they had lost, were actually using them in such a way as to damage themselves. If, for example, two Powers existed of which the one, say Power A, managed its colonies on sound economic principles, and the other, Power B, introduced the Protective system, exclusive trading, monopolies, etc., into its colonies, it would be an advantage to the people of both the Powers if Power A wrung the colonies from Power B, and it would be a disadvantage to the people of both Powers if Power B wrung the colonies from Power A.

If a nation possesses enough enlightenment and character to make a good use of liberty and the enormous economic

advantages which personal liberty offers, its first care should be to have its laws and institutions based on the principles of Political Economy. It should reject such suggestions of State interference as ignorance and helplessness are ever ready to proffer in the vain hope of correcting supposed anomalies of a free system. A progressive nation should bear in mind that material happiness can best be achieved by widespread and intelligent co-operation, and that the indispensable condition for a perfect co-operative system is perfect personal liberty. Features of Domestic Economy inherited from dark ages, or re-introduced through a misapprehension of the laws of Political Economy, hinder nowadays in every civilised country the possibilities of free co-operation by exchanges. That the mania for counteracting the unfortunate results of pernicious State violence by more State violence is responsible for by far the largest portion of the misery in the world, we hope to demonstrate in the succeeding chapters. The subject will not be exhausted, but the examples of misery-producing State interference dealt with will suffice to show what misfortunes and dangers legislators bring upon their nation when they legislate regardless of the truths of Political Economy.

III

THE ERRORS OF DEMOCRACY

THE general feature of political development during this century in both the hemispheres may be correctly described as a constant ascendancy of the democracy. The word democracy must be here taken in its modern sense, that is, as standing for the non-aristocratic classes, including the lowest strata of society.

Of purely democratic States there have been and are few examples. Though the United States have never passed through the ordeal of being governed by despots and oligarchies from their very birth, their liberation from British rule and their consequent development as a Republic may fairly be looked upon as a democratic development. In Europe there are only two States which may be said to have remained unaffected by the universal ascendancy of democracy—Russia and Turkey. There is only one State which from its birth has been organised on a democratic basis—Switzerland. In all other European States the democracy has gained power, while previously ruling dynasties and oligarchies have been either completely superseded or compelled to submit to constitutions.

It is now just about a century since the great democratic upheaval took place in France, from which political reformers of the other continental States took their cue. Despite the fact that in Great Britain the middle-class, since the time

of Cromwell, have had a share in the government of their country, it is well-known history that the French Revolution reacted strongly on the progress of democracy in Great Britain. Hardly was the peace with France concluded when the Reform Bill agitation began, though the first reform itself did not take place till 1832.

On the Continent the Napoleonic wars for a time quashed all ideas of political reform, but scarcely had the Congress of Vienna dispersed than the continental democracies showed signs of life. It was not, however, until 1848, when a fresh Revolution in France had roused the discontented masses of the Continent, that practical steps were taken to democratise the European Governments. Though revolutionary attempts in several countries failed, and though the second Republic in France was soon smothered by Napoleon III., the influence of the democracy has since that period made itself more and more felt.

To the careful student of modern history it will be evident that the ascendancy of the democracy in Europe has been accelerated at least as much by the incapacity and corruption of the power-wielding dynasties and classes as by the ability and tactics of democratic leaders. Louis XVI., with his incapable ministers and corrupt surroundings, could not very well have done more than he did to bring about the first French Revolution. The dynasties, courts, and bureaucrats of other European States followed faithfully in the footsteps of their French prototypes, and, when the revolutionary wave of 1848 passed over Europe, some of them readily compromised with the democracy, while others by brutal repression secured a few years of respite.

In the middle of the century the awakened democracy had not only the advantage of extremely weak opponents, but also that of an almost unanimous agreement in their

ranks. The governing dynasties and classes had, through criminal carelessness and inborn incapacity, neglected to the utmost the interests of the respective peoples. Economic and fiscal enactments of the most foolish kind were enforced; trade and industry were hampered in a hundred ways; pragmatical armies of bureaucrats pestered everybody and disorganised everything; taxes were ruthlessly exacted, unjustly distributed, and wastefully collected; monopolies and sinecures were upheld; individual freedom was harshly restricted; the Press was held in bondage; police espionage was largely practised; and the people generally regarded as a tax-producing mechanism. The opposition against such governments naturally bound men together both as to purpose and as to means. The accusations levelled against the authorities were that they had no desire to ameliorate the condition of the masses, that they deliberately kept the people poor in order to facilitate their domination, that they suppressed freedom of speech and freedom of the Press in order to hide their own corruption, and that they withheld public control from the finances in order to spend as much as possible on themselves and their families. Though the economic systems which were generally adopted in the European States were wretched in the extreme, the demand of the democracy was, as a rule, not the repeal or the promulgation of certain fiscal or economic enactments, but for a more democratic constitution.

The cause of this was that the people had found it entirely hopeless to obtain any hearing from their governments for any reform calculated to improve the condition of the masses. The influence of bureaucrats and monopolists among the classes, who always found some more or less plausible reason for believing that the gain of the people at large was their loss, was strong enough to smother at the

birth any attempt to obtain reforms from government. The works of the economists had been studied, and, as their teachings had never been tested by experience, and always favoured greater liberty, they had been blindly accepted by the democratic leaders, and such economic reforms as the economists recommended were devoutly placed on the list, with a host of other more or less practical measures, and not a few Utopian dreams, to be carried as soon as the masses had secured the power.

In this manner the unanimous, immediate object of all democrats was a democratic form of government: for, as matters stood, it was the indispensable condition for the fulfilment of all other aspirations. With that enthusiasm without which no man is a reformer, the democratic leaders took for granted that the measures they had on the democratic programme would unfailingly accomplish the objects for which they had been framed. By no one was it suggested that the democracy could possibly, after having secured the power, put it to any other use than one beneficial to the masses. Though their ideals were hazy, and the means by which they hoped to realise them were untried and primitive, the democrats entertained no doubt of their ability to realise those objects by such means.

Thus, the aim of all the democratic aspirations was originally a democratic form of government. As the movement spread, and as the younger generations took up the struggle, the one-sidedness of the aim was more and more insisted upon. The more the democratic principles took the shape of a life-philosophy, or a religion, the more was it forgotten that democratic institutions should not be the aim, but the means of obtaining real substantial advantages for the people.

To mistake the means for the end seems to be a common

frailty among nations. This is, perhaps, an inevitable result of the difference in the minds that conceive the ends to be attained, and of the minds that carry out the means. A far-seeing man indicates to a nation some great good to be fought for, and he and his surroundings spontaneously determine the means by which it shall be won. They generally do so without the aid of experience and without the assistance of science, and are therefore often utterly mistaken. The means they wish to employ being in themselves difficult of attainment, the struggle is finally carried on exclusively for the conquest of those means, the final great goal receding gradually into the background.

An illustration will make this clear. Christ preaches peace on earth and good-will among men. His followers, in order to spread his teaching, found a Church. In order to strengthen the Church, dogmas are promulgated. To glorify the dogmas, pilgrimages are ordained. To assure the continuance of pilgrimages, the holy places must be protected. To obtain possession of the holy places, the Crusades are instituted. Thus, those very places where peace and brotherhood were first preached, become the scenes of savage bloodshed and ruthless slaughter. In this way the successive substitutions of the means for the end often hurl a movement in the very opposite direction to that in which it was started.

This is what happened to the democratic movement. The object was held up by philosophers, poets, and economists—it was that indispensable condition for human happiness, individual liberty. The profoundest psychological studies, the loftiest flights of the noblest sentiments, the most enchanting dreams of the imagination, the most ingenious researches into economic causes and effects, and the accumulated experience recorded by history—all converged in up-

holding individual liberty as the noblest goal for human effort and the ideal state for human society.

Individual liberty was, therefore, at the beginning of the democratic movement the great final aim. Its votaries at that time understood that, when firmly established all the world over, it would give the widest possible play to those noble instincts in every human heart which constitute the main-springs of all human progress. They knew that it would reduce the temptations to evil, develop self-reliance, quicken personal responsibility, sweep away a host of potent causes of poverty and misery, and gradually bring about the only genuine altruism, namely, free, spontaneous, and effective brotherhood. They were fully convinced that such grasping selfishness, such fiendish competition, such mutual enslavement, as characterise our civilisation at the present moment, could only be maintained by the infringement of individual liberty, by artificial legislative checks on the operation of the natural laws which warrant the material happiness and moral elevation of humanity.

The first step towards the conquest of that powerful talisman, individual liberty, was to break down the authorities who withheld it. No other course seemed open, and therefore opposition to despots and ruling castes became the watchword of all lovers of freedom. But as this opposition must needs use practical measures, and as it had to give form to such gradual measures as from time to time could be introduced, it was imperative to have another form of government evolved ready to take the place of the existing tyrants.

The new governments were naturally required to possess those attributes which were conspicuously absent in the old ones. The chief of these attributes was the desire to benefit the masses. To make the governments elective and to subject them, to the greatest possible extent, to popular

control, seemed the surest way of securing a benevolent government.

Thus the aspirations towards individual liberty were gradually transformed into a demand for a democratic form of government. The intense enthusiasm for individual liberty was transmuted into one for democratic government. At first it was well understood that democratic government was a *desideratum* simply because it would lead to individual liberty. But this fact was soon forgotten, and democratic government itself became the final goal.

When governments had been sufficiently democratised to work the popular will, it was entirely forgotten for what purpose the process of democratisation had been entered upon. The people's decision as to the best use to make of their acquired power was considerably biassed by the necessity of doing many things that could not be avoided. The first of these was to provide a defence against reaction—an obligation that absorbed an enormous share of time and energy. A lengthy struggle for power caused the subjection of the reactionary element to be regarded as one of the chief objects of democratic governments. This object seemed best realisable by framing special laws against the reactionary elements and by establishing special privileges for the poorer classes of society. That such a relapse into the old pernicious system of class-legislation was an infringement of the principle of individual liberty, and consequently so many steps in a diametrically opposite direction to that leading to the original goal, was not heeded. Old means had become new goals.

The idea that the mission of a democratic government was to legislate in favour of the masses in the same way as the old governments had legislated in favour of the classes was powerfully strengthened by what happened in Great Britain.

Being a practical nation, and possessing such leaders as Cobden, Bright, and Villiers, the British people made a good use of the additional political power they had acquired through the Reform Bill of 1832. They entered upon a campaign against a mass of government-interfering acts, and wrested from the classes religious, social, and economic liberties of the most vital import. The new economic liberties produced the most striking effects. Besides the repeal of a host of more or less important but entirely useless and pernicious enactments, two great economic reforms were accomplished which, though they constitute only faltering steps towards complete economic liberty, will be immemorial through the effects they produced. These reforms were a curtailment of one of the most pernicious monopolies ever created—namely, the monopoly of the Bank of England, and the abolition of the Corn Laws. The curtailment of the Bank monopoly allowed the existence of the many large private banks in London, without which the subsequent development of business would have been impossible. The partial Free Trade which was the outcome of the abolition of the Corn Laws gave an unprecedented impulse to British trade, which reacted powerfully on every country in the world.

The sensible use which the British masses made of their political power produced an amount of prosperity which the democrats of the Continent attributed not so much to its real cause—the extension of economic liberty—as to the ability of the British democracy to legislate in its own favour. When, therefore, the Radical party in England, strongly encouraged by the Conservatives, began to lose sight of the great goal—complete individual liberty—and again fell back on State-meddling measures, which to the superficial mind appear favourable to the masses, the conti-

nental democrats became convinced that they could enter upon the road of prosperity, as they supposed the English had done, by means of State-meddling legislation in favour of the masses. They saw in the British developments the confirmation of the theories of the French philosophers and all the socialistic writers who followed in their train. This *volte-face* in reasoning was eagerly endorsed by the masses, who, understanding nothing of Political Economy, could not conceive any progress save on the lines of Domestic Economy. They reasoned about the State in the same way as they reasoned about their homes, farms, and factories. The government was to be a kind master, presiding in fatherly love over the citizens, supplying each with suitable work, and dividing fairly, and when required, charitably, the products. Any enactment which tended towards such a state of things was hailed as so much progress.

The drawbacks to such a system—the sacrifice of individual liberty—were at first not considered, and were by the Socialist leaders deliberately kept in the background. When gradually it leaked out that a system of domestic or patriarchal economy demanded absolute power in the government, irresistible authority on the part of the officials, and an unremitting discipline and subjection on the part of the working-bees in the Socialistic hive, the alarm of the people—at any rate of the least intelligent ones—was allayed by the assurance of the Socialist leaders that there was nothing to fear from an omnipotent government and a commanding bureaucracy so long as that government and those bureaucrats were elected by the people themselves. The leaders took good care, however, not to tell the people how long a government, possessing infinitely greater power than any despot the world had hitherto seen, and a class of bureaucrats bound to maintain stricter discipline over every

detail of each individual's life than was ever exercised by any military officer—how long such authorities would submit to the dictates of a host of people who would be living on doles from the government and working compulsorily without the right of possessing even a scrap of property, and having submitted to live in a state of abject slavery.

One thing was evident even to the most sanguine Socialists: that if the Collectivist system were to realise anything like the hoped-for results, it was absolutely necessary that the government should possess unlimited powers. It was evident that no man, and no set of men, could undertake to provide for the feeding, clothing, housing, instructing, amusing, conveying, keeping in health, every individual in the country, without having unrestricted power over the working capacity of the nation. The supporters of the Collectivist aspirations had, therefore, not only to resign themselves to a complete renunciation of liberty, but to struggle for the establishment of a more despotic government than the world has ever experienced.

As at present all those classes of the civilised world favour Collectivism who at the beginning of the democratic movement were ready to sacrifice everything, even life, to individual liberty, it will be evident that the democrats have, during half a century, described one of those huge circles which ever delayed the progress of humanity, and that they are now striving to establish a state of things representing the hyperbole of that state against which their whole movement was a protest.

A glance at the leading States of the world will reveal to what an extent and in what manner the democracies of different nations have taken their part in the universal *volte-face* of democracy.

Hardly had the French democracy in the first Revolution

brought the aristocracy and the church down on their knees when class persecution *à outrance* began. In the name of liberty, the power of the government was constantly increased, and, as invariably has been, and ever must be, the clutching of the power by groups and by individuals became easier in exact proportion as the individual liberty of the citizen was reduced. The climax was soon reached in the tyrannical and blood-thirsty government of Robespierre. The egregious mistakes of the French democracy caused Napoleon to be applauded when he, at the head of his guards, nervous and shaking with fear, mustered courage to disperse an assembly which, detested by the nation, was tottering to its fall. From the defeat of Napoleon at Waterloo up to the present day, the democratic element of France has been preponderant, but during all the revolutions and constitutional changes which have resulted from the struggle between the different camps of the democrats and the forlorn hope of the old systems, the great object of the first Revolution—*liberté*, and its corollaries *égalité* and *fraternité*—have been entirely lost sight of. Changes from Republic to Empire, from Empire to Kingdom, and back to Republic and Empire, and finally to Republic again, have left individual liberty exactly where it was. An endless series of constitutional changes and ministerial crises have not removed one scrap of that absurd economic or financial legislation which weighs down the working classes. Never was an epigram more justified than that attributed to Alphonse Karr, who is reputed to have said of the political changes of his country *plus ça change plus c'est la même chose.*

Of all the systems that France has tried, none has been fraught with such misery to the working class as that of the present Republic. It more than justifies all those virulent attacks hurled against it by the Socialist and Anarchist press of

France, which to us Englishmen appear not only exaggerated but criminally vulgar and madly indecent. We sympathise with the attack, but not with the assailants, possibly because these seem incapable of justifying their onslaughts, and lash themselves into a fury, not because the French legislators subjugate individual liberty, but because they do not destroy it altogether. While the trade of the country is in a deplorable state and the working classes are gradually sinking into hopeless misery, the democratic authorities in France do not lift a finger to remove one single one of those potent causes of stagnation and bad trade which have been legally established by those democrats who preceded them. Instead of taking some steps towards the great goal of the first Revolution by abolishing such instruments of economic tyranny as Protection, Octrois, Sugar and Shipping Bounties, banking and other monopolies, they are making themselves ridiculous in the eyes of all future generations by introducing what they call palliatives in the shape of more government interference and more compulsion.

The French power-holding democrats, in order to prop up the dwindling trade of France, induce the French people to undertake military attacks upon weaker races in Africa and Asia, much to the disgust of all high-minded and justice-loving citizens in their country. They are apt to quote the example of England as an excuse for a colonial policy which should be abominated by every true democrat, but they forget that the object of England's colonial extension is Free Trade, and that state of prosperity in British dominions which alone can form the basis of a successful trade for all nations, while the object of the colonial policy of the French democracy is Custom Houses. They do not hesitate to destroy the liberty and prosperity of a weaker race in order to secure a market for French goods to the

exclusion of the products of every other nation. Enormous sacrifices are made, torrents of blood are spilt in the hope of securing an increase of the French export trade by means completely inadequate, while the whole country for want of liberty is rendered incapable of taking advantage of even the most wealthy, the most fertile, and the best governed colonies.

The French democracy has succeeded in reducing one of the richest countries in Europe, and one of the ablest and most ingenious, most generous, and thrifty nations of the world, to a state of chronic financial and economic trouble. If the condition of the working classes of France is anything like what both Royalist and Socialistic writers depict it to be, the French democrats have certainly proved themselves incapable of governing. They seem not only incompetent to bring about any progress, but even to form any rational idea of what progress really is. In justice to the French nation, let us, however, remember that the deplorable state into which democracy is plunging France is not due to any mental or moral shortcomings of the nation, but to their unfortunate bias in favour of Collectivism and to their prejudice against individual liberty.

That enchanting country, Italy, some thirty years ago led the world to hope that it was entering upon a new era. Roused to new national life by the unification for which Garibaldi's heroic deeds paved the way, the Italian nation seemed determined to persevere on the road of progress. Here, as in France, the democratic element predominated; and here, as in France also, a complete confusion set in, both as to aims and means. The financial ruin of the country, of the communities, and of individuals, was compassed and accelerated by every economic and financial fallacy that could be rooted out from the limbo of past governments,

To all the mistakes of France the Italian democrats added the curse of an excessive government paper currency and enormous foreign indebtedness. Up to this moment no statesman, no newspaper, no philosopher, no economist throughout Italy, seems aware of the fact that the great financial and economic troubles of the country have been brought about artificially by the errors of the democracy. The palliatives that have been applied to stave off the complete ruin of the country belong to the class of the old fallacies, and as there is no sign of the Italians discovering the huge leaks which threaten to sink the ship of State, the friends of Italy must fear the worst for that country.

As the ascendancy of the democracy in many other European countries has been marked by the same errors, the corroboration of the above assertions as to several of them may be safely left to the reader. Special mention should, however, be made of one country, which may be designated as the most democratic State in Europe, namely, Norway. For centuries Norway has had no aristocracy. The bulk of the people has consisted of land-owning peasants, many of them proprietors of sufficient tracts of land to justify the appellation of peasant kings, which in olden times was occasionally applied to them. In the Congress of Vienna, Sweden gave up its provinces in the North of Germany, and received as compensation Norway, which Denmark was supposed to have forfeited. But the proud Norwegians flatly refused to ratify the decision of the Congress, and wished to remain independent. The result was a brief war between Norway and Sweden, in which the superior numbers and equipment of the Swedes, under so able a commander as Charles XIV., also famous as General Bernadotte under Napoleon, quickly told against the improvised forces of the Norwegians. When King Charles the XIV.,

after the defeat of the Norwegian army, entered Christiania, the Norwegians expected to be annexed to Sweden. But, to their great delight, this far-sighted man repeated the magnanimous policy of Quintus Flamininus towards Greece, and declared Norway free. From motives on which opinions are divided, he also conferred upon them a more democratic government than any nation of Europe enjoyed at the time. Norway, having never been entirely subjugated by Denmark, and having enjoyed wide autonomy during its union with Sweden, may be, therefore, regarded as a thoroughly democratic State.

And what is the result of democratic institutions in that country? A century ago Norway boasted of having no nobleman and no beggar. Its inhabitants led a rough and toilsome life, but such hardships as they had to suffer arose from bad communication, restricted shipping, primitive fishing methods, and defective farming. But they had plenty of food though it was coarse; warm and picturesque, though rough, clothing; good housing, and ample fuel. The opportunities of employment were simply unlimited, though the wages were low, being paid in kind. A man's work was always worth considerably more than his keep, and, under such circumstances, there was little or no occasion for begging. It was this total absence of a demoralised proletariat which rendered possible that lavish and royal hospitality to which English travellers of to-day who have visited the remote districts can testify. Proofs of the fact that the people enjoyed a considerable amount of prosperity will be found in the continuous purchase by foreign visitors of silver and gold ornaments which used to be worn by the people. As there were hardly any banks, the peasants, like the ryots of India, freely invested their surplus wealth in these ornaments, in silver vessels, and in silver coins. Stories

are told of peasants who, on receiving visits from distinguished guests, in default of a carpet and by way of ornamentation, covered the floor of the guest's bedroom with silver Specie Dalers.

In a country thus situated the rising democracy had certainly a fair start. But what has it made of its opportunities during the century? The population has increased, despite an enormous emigration; the fishing has developed largely, but chiefly for the benefit of the capitalists; the hardships of the men are as great as ever, and their remuneration, when the present high prices are taken into consideration, is hardly an improvement on the old one. The shipping has greatly developed, but now yields nothing like the profits it used to do. The crews have to sail the worst and leakiest tubs that ever ploughed the sea, invariably under-manned and encumbered with deck-cargo, for the scantiest pay. The woods of Norway have been ruthlessly cut down for the benefit of a few firms in the large shipping ports, but no compensating capital has been left behind with the owners of the soil. The young forests are now being ravaged for the production of pit-props for England at a price which barely pays for the cutting and carting. The farmers, who used to own their large farms with all that was on them, are now indebted to banks and money-lenders for amounts which often reach and exceed the price the farm would fetch if sold. Poverty, once unknown, has been fostered, abounds, and is on the increase. The cities and the communes are over-burdened by their poor-rates, and a proletariat has grown up in the towns.

These results—unnatural to the country—have been artificially produced by laws enacted by the modern democracy. High Protective duties, which were favoured by the people as a clever dodge to place all the taxation on the well-to-do

people of the country, have in Norway produced the same dreadful results as everywhere else: high cost of living, low export price, low wages, scarcity of employment, indebtedness, and an increasing proletariat. Bank monopoly is of course imposed on the people, and produces in Norway, as elsewhere, high cost of production, low price of sale, scarcity of capital, a chronic want of media of exchange, losses on prominent undertakings, commercial immorality and periodical crises.

The thoroughly vitiated economy of the country naturally produces great dissatisfaction. And what is the attitude of the extreme democrats with regard to the growing discontent? One would think that at last their eyes would be opened to the folly of the system they, in conjunction with other democracies, have adopted. But no; they find no fault with the infringement of individual liberty in every direction, but endeavour to lay the blame on liberty. More coercion of capital, more power in the hands of the State over the individual, such are the remedies that the Norwegian democrats advocate. Complete socialistic slavery is the goal of the extreme democrats, and, as the union with Sweden to some extent stands in the way of a Socialist Republic, whatever that may mean, the slight ties which connect the two countries are being blamed for results of democratic folly.

The United States, with their enormous expanse of fertile soil, vast forests, and immense mineral resources, and inhabited by a completely democratic nation, represent, perhaps, of all the countries in the world, the most frightful example of the mistakes committed by modern democracy. When the Americans started on their career as an independent nation they were imbued with a genuine love of individual liberty. Such sentimental worship of freedom as they had, in common

with all the noblest races of the world, was backed by an intelligent appreciation of free institutions born of experience. So long as they maintained a respect for individual liberty their country advanced at a rate which entirely eclipsed all other old or new countries or colonies. Had the democracy in the States adhered to its original principles, and not committed all the mistakes of European democracies, they would have supplied humanity with an example of a rationally governed country. But there, as in other countries, the people had not reached that high intellectual development which seems indispensable before a nation dares to be free. Many unimportant enactments were inherited by the United States from British administration, and many others were early adopted by the different States. But the lurking desire for State tyranny and officialism blossomed forth only after the great Civil War.

The immense debt and the inflated paper currency resulting from the war were made a pretext for gratifying the Protectionist proclivities harboured by the North. Patriotism and national pride demanded that the War Debts should be repaid as soon as possible; but as patriotism could not be screwed up to cash-payment point, direct taxation was out of the question. Any of the political parties who had imposed direct taxes to allow of the repayment of the War Debt in the same ratio as they were repaid by indirect taxes would have been ousted from power.

The plan of raising the required money by import duties which had so often proved a strong temptation to democracies was particularly irresistible to the people of the United States. The same idea prevailed there as prevailed in Norway, that the taxing of foreign imports in a chiefly food-producing country would throw the burden rather on the classes than on the masses, because the bulk of the imported goods were

luxuries. The vanquished Southerners, whose interests were at a discount, had fought for Free Trade with England, and it seemed just retaliation that they should be forced to buy their manufactured goods from the Yankees at fancy prices and sell their own products, mostly raw materials, especially cotton, to the Northern manufacturers at the reduced price which Protection involves. Then there was a very large number of classes and trades which, reasoning in that superficial way that has been peculiar to democracies in general, fancied that Protective duties would largely benefit them. The trades which were destined to become the first victims of the new system—the farmers and the shipowners—were so confused by a mass of Protectionist sophistries as to offer no effective resistance to, and even to applaud, the new departure. All the well-known Protectionist fallacies were ostentatiously put forward: the money would remain in the country, the American resources would be utilised, the country would develop faster, the war expenses would fall chiefly on foreigners, important industries would be founded and fostered, American workers would be protected from competition with European pauper labour, and wages would rise.

Such being the prevailing opinions, it was not surprising that the fallacious nature of the chief pretext for high import duties received so little attention. The duties were imposed to bring in money to the State, but hardly was the new system inaugurated than it became evident that the American manufacturers, who started works in every direction, would spirit the bulk of the indirect taxes into their own pockets. They were naturally able to charge a price for their products equal to the European prices *plus* the heavy duties. To begin with, the protected manufacturers realised large profits, and the Protective interest, able to

point with pride to the success of the new system, became paramount in the country.

If we judge by appearance, the American nation as a whole took for granted that they had found the right way of organising the economy of a great country. Few of them ever asked themselves the question, Who pays the damage? Everybody's salaries and wages were raised, an immense debt was being paid off, and an enormous manufacturing activity was kept up, involving a heavy loss to the nation—all this meant an appalling alienation of American capital. Where did this capital come from? It came from sources that were strictly limited, and the duration of the 'boom' might therefore have been calculated. The Americans simply drew heavy drafts on that huge stock of latent capital—in the shape of fertile soil—which Nature had deposited in their favoured country.

The most accessible part of that latent capital, which, under a rational economic system, would have been transmuted into a working capital large enough to make the Americans the capitalists of the world, was squandered and lost to America for ever. The process was as follows: During the Free Trade period the natural industries of the States worked at very large profits. Most important among these was farming. The American farmer possessed telling advantages over farmers in Europe. His land cost him little. He had no direct taxes to pay. The soil was fertile and yielded maximum crops with a minimum cultivation. The ground was flat and allowed expensive hand-labour to be largely superseded by machinery. But, besides his large profits as a specially favoured agriculturist, he enjoyed the benefit of the unearned increment in a far speedier ratio than the English landlords. As civilisation travelled westward in the States, the large tracts which American farmers

had secured for next to nothing rose quickly in value. As the population thickened round him, the farmer obtained higher prices for his products, and when villages, communities, and towns grew up upon his land, he obtained enormous prices for every yard of ground he sold. The American farming classes, therefore, were eminently prosperous, and, as they represented the bulk of the nation, the country was prosperous.

It was the large profits of the American farming classes and American export industries which paid for the wrong-headed economy adopted by the American democracy after the war. The high duties which allowed the manufacturers to make rapid fortunes increased in the same proportion the cost of production of the farmers and of the export industries. They could not, in their turn, charge a corresponding high price for their products, because their selling price was regulated by the European markets. But the high cost of production was not the only way in which the profits of the farmers were pilfered from them.

As will be explained in other parts of this work, the export and import of a country are bound to balance. The curtailed imports to America necessarily curtailed the exports, and, when the farmers kept increasing their production, they were obliged to accept such lower prices as would bring down the value of the huge export of America to a figure of that of the curtailed import. It seems that up to this day the American farmers have never realised how the Protective system is bound to lower the selling price of their products.

If they did not believe in the abstract economic law, which renders export and import interdependent, it is surprising that they, as practical men, should not have noticed the way in which this law asserts itself. When America curtails its

purchases of European goods to an abnormally small amount, the European manufacturers become slack. They have to curtail their production, and to dismiss many of their hands. Wages consequently go down, and the European countries suffer from depression. The consuming power of Europe becomes reduced, and American products cannot be sold except at an extremely low price. The American natural trades, having thus to burn the candle at both ends—having their cost of production raised, and their price of sale lowered—find it extremely difficult to realise any profit at all.

It stands to reason that, even during the flush times, the profits of the manufacturers were only a fraction of the losses imposed on the natural industries, and that, consequently, the American democracy had done well if they had pensioned off those capital-destroying manufacturers to the fullest extent of their profits, and left the capital-producing natural industries free to flourish. In the chapter on 'Imperial Free Trade,' the full extent of the mischievous effects of Protection is explained, and a perusal of it will convince most readers how groundless are the claims put forward by Protectionists that a country will benefit, either directly or indirectly, from hampered import.

It will, however, be useful here to consider the opinion of many Americans, that the large industrial establishments of the United States are the beneficial outcome of the Protective system. Such an opinion contains two fallacies: the belief, in the first place, that such industries, as the bulk of those fostered by Protection, are a benefit to a country like the United States; and, secondly, that such of their industries as are of advantage to the country have been fostered by the Protective system.

For our argument it is not necessary to fall back on the

indisputable fact that an economic activity which consists in the destruction of a larger amount of capital in order to produce a smaller amount—as is the case generally with protected industries—is destructive to prosperity. Let us suppose, however, that the industries called forth by the Protective system in America are actually self-supporting, and then see whether they involve any advantage to the country.

The numerous and huge factories of England are pointed to as so many sources of wealth to the country. The British factory system, having developed simultaneously and in harmony with the extensive commerce and shipping of Great Britain, has generally been regarded as an indispensable factor in the development of the country. The success of the British factory industry thus came to be regarded by legislators in other countries as a pattern to be followed at any cost. They concluded that if they followed the example of a wealthy country they would render their own countries wealthy.

But what did they do? Instead of following the example of England, they simply aped it. In England such industries had been developed as were most suitable to the circumstances of the country, and the foreign countries, instead of developing industries suitable to their circumstances, ruined their natural trades in order to develop such industries as were not suitable to them but suitable to England. The great democratic commonwealth of the United States was no exception. Like the other protected countries they aped England, and have reaped similar results.

It is obvious that the capital, the hands, and the intelligence employed in protected industries cannot, at the same time, be employed in the natural industries. Any expansion, therefore, given to the factory industries of America must have been obtained at the expense of the natural

industries. Even if we omit the question of capital, and maintain the supposition that the protected industries yield an equal national profit to that of the natural industries, the change from farming, and similar healthy and natural occupations, to the unhealthy work in the factories, is a terrible drawback to the population and a national calamity. The factory system brings in its train physical and social evils, which it ought to be the ambition of every legislator to avoid. Modern democracies have done everything to create them.

What Protective duties in America are doing is to remove a considerable portion of the people from the fields, the forests, the gardens, and the ocean—from the sunlight, the healthy air, and contact with Nature—and to place them in stifling factories, overcrowded slums, where they breathe polluted air, waste their strength in unhealthy occupations, where they learn to live from hand to mouth, and where they are most exposed to demoralisation. The Protective system in America has, apart from the enormous loss of capital it inflicts on the nation as a whole, produced evil effects upon the population which will continue throughout generations, and perhaps for all time.

The absence of Protective duties in the United States would in no wise have prevented, and in the long run not even delayed, the growth of a manufacturing industry. In order to determine whether the Protective system has helped to develop, or has hampered, American manufacturing industries, we must not compare the present American industries with those that existed during the free period. But we should compare the present industry with that which would have existed had there been no Protective duties.

Had the free system been continued, many hundred millions of capital would have been saved to the American

nation, and would have largely increased its consuming power. The depression in farming and other industries would not have taken place, and the great majority of the nation would be buyers of manufactured goods to an incomparably larger extent than at present. The demand, therefore, for manufactured goods, throughout the United States, would have been gigantic.

The effect in Europe of such a demand for manufactured goods in America has never been taken into account by American advocates of Protection. Their idea is that Europe, and especially England, is capable of turning out unlimited quantities of manufactured goods at pauper-labour prices. Nothing can be more erroneous. While depression in the labour market may be produced by a small percentage of unemployed, it is the experience of all British manufacturers that even a slight improvement in trade soon absorbs available workers in every speciality. Should the improvement continue, a rise in wages is bound to take place as soon as this absorption is completed. Continuous Free Trade in America would have produced an enormous demand for factory hands in Europe, especially in England. Wages would have risen to an unprecedented height. The price of manufactured goods would, therefore, have been very high in Europe, and there would have been every facility for the Americans to start manufactures of their own. Cheap raw materials, cheap provisions, cheap land, cheap power—all unaffected by the artificial rise now caused by Protection—would have constituted so many advantages to the American manufacturers. The prosperity which so huge an international trade would have produced would have kept freight and railway carriage at high levels, and would have constituted in themselves a protection for American manufactures, increasing in potency as the western part of the American continent developed.

There can, therefore, be little doubt that under a Free Trade system, American industry would have attained a larger development than at present. There would, however, have been this difference, that such industry would have been a capital-producing industry instead of a capital-destroying industry.[1] The manufacturers' profits, instead of being a small percentage of the loss they inflict on the farmers, their own customers, would have progressed parallel with, and in consequence of, the farmers' large profits. Instead of introducing into America the present tyranny of capital, scarcity of employment, a growing Sweating system, and a host of those evils which the old corrupt governments of Europe have produced by faulty economic legislation, the American democracy might have enjoyed that excess of the demand for labour over the supply, which constitutes the only rational solution of the Labour problem, and the masses of America would have enjoyed that high degree of prosperity which is the only rational basis for prosperity among all the classes.

Though the Protective system is the most obvious, and, to the untutored mind, the most easily understood economic mistake of the American democracy, it is by no means the only one. The currency legislation of the United States, the mischievous nature of which is so little understood by contemporary Americans, will form a subject of amazement for future students of history. The defenders of the present legislators of the great Republic will, of course, be able to quote many extenuating circumstances in their favour—such as Adam Smith's mistaken conception of the function of coin, the fallacious doctrines of all the currency theorists who have followed in his wake, the prevailing prejudices regarding coin, credit, and banking, etc.[2]—but no plea,

[1] For proofs, see chapter on Imperial Free Trade.

[2] See chapter on Free Competition in the Supply of Capital to Labour.

perhaps, will go further to exonerate American statesmen than that involved in the circumstances under which the currency troubles began.

Like the Protective system, they arose out of the war. Influenced by the fear, common to the leaders of all democratic parties, of demanding cash sacrifices on the part of the tax-payers, Abraham Lincoln's government had recourse, among other expediencies, to the creation and inflation of a paper-currency.

Though this financial method is considered objectionable by all orthodox financiers, and is always fraught with the risk of utter financial ruin to a country, it presents facilities which must be extremely tempting to a hard-pressed government. The first issue of a paper-currency in a country, previously in possession of a metallic currency, puts the government in possession of funds—provided the matter is well managed by a government enjoying good credit—without causing any perceptible evil economic consequences. The first temporary effect, indeed, would be an inflation of business which would be welcome to all. The new paper issue simply expels the gold from the country, and it is only when the gold has left and the new paper-currency begins to exceed the amount of metallic coin which it has replaced, that the economic effect becomes visible: a continually expanded paper-currency necessarily becomes unredeemable, and falls in value in exact proportion to the degree in which it exceeds the expelled coin. The country thus nominally has more currency than before, but representing the exact value of the expelled metallic currency. The economic effect is that people who have claims on others lose, and those who have debts gain—a levelling process sure to be popular with the mass of the population.

The dangerous allurements of the system lie in the fact that

each successive issue produces less economic disturbance than the previous issue. Suppose, for example, the country has a metallic currency of one hundred million dollars and the government gradually issues unredeemable paper dollars to the amount of one hundred and ten millions. The fall in the paper dollar—provided the credit of the government remains good—will be about 9 °/₀. If after the effect of the first over-issue has been spent, another ten millions of inconvertible paper dollars are issued, the effect is less, because the circulating mass of the currency is so much larger than before. The paper dollar would then only lose about 8 °/₀, instead of 9 °/₀, and would be worth a little more than 83 cents. The next issue of ten millions would thus cause the paper dollar to lose only about $6\frac{1}{10}$ °/₀, leaving the paper dollar at $76\frac{9}{10}$ cents in gold. Thus each issue of ten millions would produce a less marked disturbance, as the percentage of each such addition would be smaller when calculated on the already circulating mass of currency.

It is, therefore, not surprising that the successive issues of green-backs during the war produced none of the disasters that orthodox financiers anticipated, but seemed to be the means of animating business and of increasing profits. There were plenty of people in the United States who, not understanding that the inflation caused by the green-backs was simply a consumption in anticipation of wealth which would have to be made good afterwards, were so enamoured of the process that they actually formed themselves into a Green-back party.

The creation of an immense temporarily irredeemable currency, and afterwards the gradual redemption of it, gave to the United States Treasury Office a function which to the American masses appeared as a regulating of the supply of currency. They never considered that each market has at

all times exactly as much currency (coin or its representatives) as it can carry, and that no human power can increase or diminish that quantity. They did not distinguish between capital, credit, and coin; but, calling it all money, they jumped to the conclusion that in order to keep the country well supplied with money, the government had only to issue more currency. Thus, when interest was high, capital scarce, and credit unsatisfactory, the situation was described as scarcity of money, and the demand invariably was for more currency.

As long as the demand for 'more currency' was met by the increase of green-backs, it was of course found that new issues of these media of exchange simply reduced their value, and that the larger quantity was worth exactly as much as the smaller quantity, and cleared business to the same extent. From this fact, however, the Americans did not deduce the almost self-evident economic law which, by the action of the international rates of exchange, compels coin and its representatives to assume their natural level in the world's market. They came to a very different conclusion. Having found that representatives of coin first drove the coin out of the market and afterwards declined in value, they inferred that what they wanted was not representatives of coin, but the actual coin itself.

Hence their bi-metallist proclivities. As the production of silver was on the increase, and the American dollar was originally a silver coin, it seemed an easy way to increase the currency, to lower interest, and to develop credit, simply by coining large quantities of silver. Hence the Silver Bills, which of course had to be repealed so soon as the inevitable results attained a dangerous development.

As silver had fallen so considerably in value, the capitalists, and all people whose commercial position depended on

claims against something or some one, naturally objected to the silver dollar assuming its intrinsic value. The gold value of the dollar was maintained, and the masses of newly coined silver dollars consequently affected the market as so many notes—all of which was not foreseen, or understood, by the American democracy.

The constant efforts to glut the market with silver coin had of course a most disastrous effect on business. The value of the currency, as compared with goods, fell considerably, and the cost of production rose to a maximum. Production in America became difficult, and often unprofitable, especially for the farmers, while foreign importation was strongly encouraged. A trade balance arose against America which had to be settled in coin. As the silver dollars had only their intrinsic value outside America, all the export of coin had to be accomplished in gold. In this manner, the excessive coining of silver had simply the effect of driving the gold out of the market. The reduced gold reserve caused confusion in trade and finance. So long as the overfilling of the market with silver coin proceeded, American trade suffered. In this fashion the currency mistakes of the American democracy have for years maintained an intense depression in all branches of American industry; but, as usual, the farmers, the other natural trades, and the working classes, have been the chief sufferers.

The banking of the United States has been legislated for and organised, in defiance of science, logic, economy, and experience, in complete obedience to the prevailing prejudices among the democracy. At the beginning of the Republic, when the instinctive longing for freedom prevailed, there was a manifest desire that the banking should be left free to suit itself to the circumstances of the locality. But the Socialistic tendency of the American democracy soon

made itself felt in the domain of banking. Several enactments emanated from Washington specially affecting the note-issuing private banks. Besides which, the different States passed special legislation. The object was to render the circulation safe, and as the remedy was the old one—State supervision—the results were the same old ones, namely, the very opposite of those desired. What the country wanted was healthy credit instruments; what the banks supplied was mischievous paper currency. How, under such legislation and supervision, banks cease to be banks and become usury establishments, will be fully explained in the chapter on Free Competition in the Supply of Capital to Labour. Here we shall only record that the government supervision of American issuing banks before 1838 had the usual effect of government supervision, namely, of deceiving the people as to the safety of the banks by inspections which could never be effective, without affording either depositors or note-holders any real protection. Thanks to the government supervision, the notes of each bank circulated indiscriminately all over the country in paper-money fashion, and did not stay in their own markets as they would have done had they been credit instruments. Under such circumstances all the banks exerted themselves to issue as much of this paper money as they possibly could, and to do it the more effectively, they endeavoured to issue their notes in districts as far from their bank as possible. The inevitable results of such a system were over-issue and inflation. In 1838 the bubble burst, and almost every one of the note-issuing banks in the United States failed.

One would have thought that, after such results from government meddling with banking, the American democracy would have had the courage and intelligence to fall back on liberty. All the more so as liberty had succeeded in

Scotland to perfection, and there prevented the failure of any note-issuing bank during nearly a century and a half.

But here again the longing for paternal government which has characterised modern democracies prevailed over reason and experience. Instead of making the banks free and placing them under the only control that is worth anything—the control of the shareholders, the depositors, and the public—more supervision was resorted to. The guarantee of the State was made absolute by limiting the issue of the private banks to the amount of United States bonds deposited by them with the State. In this manner the notes are rendered fairly safe, and a catastrophe like that of 1838, though perfectly possible and even probable, will not spring from the old cause. The great evils of supervised issue have not disappeared, but have been intensified.

A banking system which develops under such legislation can have none of the healthy methods of a free issuing banking system, but carries on its business purely on money-lending principles. This produces all the same difficulties that we experience in England, while the constant attempt to fill the market with paper money crushes the productive trades. The results of the American banking system are severance of capital from labour, no supply of capital to those who most need it and can best use it, excessively high cost of production, excessively low price of sale, a chronic want of money, high interest, flourishing usury, and a constant tendency to panic.

It is not possible in the compass at our command to deal with the many other errors which the Americans, in common with other democracies, have committed or themselves originated, such as monopolies, bounties, excises, bureaucratic domineering, obstacles to immigration, exclusion of Chinamen, etc. It must suffice to say that all such errors committed by the legislature, in order to flatter the prejudices

of the masses and to secure party advantages, tend to one and the same effect—depression in trade and poverty among the masses, that is to say, the very opposite of the results which democracy has at heart.

While democratic rule has prevailed in France with some interruptions, and in America under an unchanged constitution, for a century, the predominance of British democracy cannot fairly be said to have begun till the passing of the Household Suffrage Bill in 1867. The adherence to sound principles, and the marvellous material development, and the genuine progress which characterised the period between the Reform Bill of 1832 and Disraeli's 'leap in the dark' in 1867, cannot be credited to the sagacity of the democracy: for the power was in the hands of the middle-class. After 1867, and still more after 1884, when members of parliament and candidates had to gain the suffrage of the labourers, our politicians soon fell into the method of reasoning and the habit of speech of the continental demagogues. The circuitous and abstruse manner in which Individualism brings about the most perfect form of co-operation was by most of our legislators considered an unsuitable topic for platform purposes, and they yielded largely to the temptation of indulging in continental Socialistic claptrap.

Though, to begin with, their knowledge of sociology and economy probably prevented them from having any real faith in the principle of paternal government, it must be supposed that they talked themselves into believing in the fallacious doctrines they preached. For Socialistic talk soon blossomed into Socialistic measures. A host of bills was passed, all framed on the basis of the old French delusion that the State possesses inexhaustible financial resources of its own, independently of the sacrifices of the

individuals who go to make up the State. Reforms were introduced which would not even be plausible except on the supposition that England's trade and industry were bound to maintain themselves and progress under any circumstances, even when all the conditions which had caused them to blossom forth were removed or changed. Such advantages over continental competition as we had in our liberties were supposed to be a kind of irremovable birthright, which we might keep even after having destroyed such liberties and adopted such Protective measures as had paralysed trade and industry in other countries. Social and economic evils began to be tackled in quite a new fashion. Instead of finding out and removing the causes, elaborate legislation was passed in order to suppress effects. The nation became so imbued with the paternal mission of government that, whenever an accident happened, or an anomaly revealed itself, the cry at once arose: 'It 's time that Government stepped in.'

Free Trade has not been abolished, but we have come so near to Protection that cabinet ministers in public speeches advocate the application of the Protective principle to everything except imports.

The thin end of the Protectionist wedge was inserted into the imports in the shape of the Merchandise Marks Act. This absurd measure constitutes a concession to some of those prejudices which modern democracy seems incapable of shaking off. The Act was framed under the supposition that English products in every case are superior to foreign ones, and that the English public would buy less of foreign and more of English goods if the former were branded as foreign manufactures. The advantages to English manufacturers, if any, were to arise from some sentimental feeling of patriotism—of course backed by utterly wrong economic

reasoning—but the disadvantages to manufacturers, merchants, and shippers arose from actualities.

Before the passing of the Act, British merchants sold at home and abroad British and foreign goods indiscriminately after stamping them all with their own brands. In this way British commerce all over the world swelled beyond Britain's power of production. Great continental industries were made subservient and complementary to British firms, and a mass of European trade passed through British ports and was shipped in British vessels. The Merchandise Marks Act has changed all that. Now British manufacturers and merchants do, as they often did before, supply themselves with the cheapest qualities of goods from the Continent—say German. These have to be stamped with the German manufacturer's name, or else with the words 'made in Germany.' Our customers in other parts of the world, finding that some of the goods they buy in England are actually made in Germany, are unkind enough to act, not as our legislators supposed they would act, namely to write to England and insist upon having English goods, instead of German, but write direct to Germany and get their goods from there. You can trust the German business-man to keep a connection which the British Parliament is kind enough to send him. He first ships the cheap qualities to the neutral markets, now opening for him; he then offers better qualities and gradually gets the whole supply. If he cannot make the good qualities as well and as cheaply as they are made in Great Britain, he orders these from us on the condition that his own name and German address shall be affixed, and there is hardly any manufacturer, who, pressed by competition, would not consent to this condition. The Merchandise Marks Act certainly does not prevent him. But this is

not all. Anxious to thrust aside British trade in all parts of the world, the German manufacturer stamps all his inferior qualities with English marks, and never allows the cheap rubbish he may buy in Great Britain to be stamped with his name and mark. These are allowed to go out under the English mark. In fact, the Merchandise Marks Act is fast reversing the position, compelling England to play second fiddle to her continental competitors. Such are the consequences to the country of our politicians yielding to democratic sentiment in matters of economy and business. In their attempt to teach patriotism to British merchants they have compelled them, against their will and their interests, to act an unpatriotic part.

Before the extension of the Franchise in 1867, most British voters knew that all government interference, the object of which was to exterminate social evils by authoritative measures, was certain to aggravate such evils. But, after the accession to power of the democracy, this truth seems to have been completely ignored. The antiquated, grotesque ideas of rendering the people virtuous and sober by Act of Parliament, and of rendering the working-classes prosperous by driving capital out of industry and out of the country, and by persecuting employers, do not appear to present anything illogical to the present generation.

Thus, the Local Option Bill has gradually gained the suffrage of the new democracy to such an extent that Parliament has passed a resolution in favour of the principle. Our political leaders on the Liberal side have so utterly abandoned the habit of logical reasoning that they are willing to allow men to influence, and sometimes to determine, the destiny of our huge Empire, but dare not trust these same men to regulate their own diet. What a humiliation to our colonies and dependencies that they

shall in many things have to obey the dictates of voters in England who are too weak and foolish to keep sober, without being led, supported, and protected from temptation by the authorities! As to the main object of this essentially democratic measure, general sobriety, it will of course not be attained. The already accomplished restrictions and regulations of the Liquor Traffic have already, as is emphasised in the chapter on Free Trade in Drink, clearly indicated that the result of this form of government interference will, as usual with such legislation, tend in the opposite direction. Private drinking-clubs have proved a new evil worse than the old one. But such facts have so far been powerless to deter the modern democracy from their interfering policy, because this is the outcome of sentiment and not of reason.

The sentimental legislation, inaugurated by our democrats and sanctioned for party reasons by the bulk of our politicians, has driven hundreds of millions sterling out of the country, to be invested abroad in dangerous, and often ruinous, undertakings, instead of creating employment for British workers at home; it has persecuted industry to such a degree as to cause large works, and part of whole branches, to be removed to the Continent; it has protected the working-men so well against employers as to cause thousands of the latter to withdraw from business and render employment scarce. It has so supervised our factories that important branches of industry have been driven out of them to take refuge in the homes of the workers, where the work is accomplished under immense discomfort, at sweating wages, to the benefit of numerous middle-men which the system involves; it has interfered with shipping with the result of causing British ships to be manned by foreign sailors, and even lately to be commanded by foreign officers. While politicians

and agitators, who claim to represent the democracy of the country, have thus inflicted on the masses of the people extreme suffering and privation by their sins of commission, and, while they threaten to aggravate matters enormously by the execution of their present programme, they have made themselves responsible for a far larger mass of evils by their sins of omission. By leaving untouched during half a century such causes of depression and poverty, as are exposed in this volume, they have been instrumental in rendering a deplorably large proportion of the nation destitute and unhappy. They have shortened many millions of good lives. They have caused thousands of suicides, tens of thousands of crimes, and hundreds of thousands of deaths by starvation.

Let it be well understood that while such a mass of past, present, and future suffering must be laid at the door of the British democracy and its leaders, this work has not for its aim nor its mission, to accuse them of any vile motives or unpatriotic objects. Any impartial student of recent history will recognise that if our democrats have been the chief actors in the retrograde movement of the last twenty years, they have been aided and abetted, tempted and egged on by all the parties of the State. The conclusions drawn from the past and present must not be that the British democracy has rendered itself unworthy to preside over the destiny of the British Empire; for, if this were the case, what would become of the Empire? Dynasties, oligarchies, aristocracies and plutocracies, have been weighed and found wanting, and if the democracy of Great Britain—in which term we would fain include every freedom-loving Englishman—cannot rise to the height of the situation, the grand mission of the British race has come to an end.

The redeeming feature in the position is that the British

democracy, in the wider sense of the term, has its interests so closely bound up with those of the Empire as to render patriotism and self-preservation identical. The mass of errors committed by the British and foreign democracies has not arisen from the desire to produce any of those deplorable results we see everywhere, but from sheer ignorance as to the best means of accomplishing the opposite. To throw as strong a light as possible on these means should therefore be the endeavour of every patriotic Briton: for only thus can a policy be formed which will be beneficial to the Empire through being directly beneficial to each individual.

IV

THE HAVEN OF SOCIALISM

Socialism is one of those terms which has led to endless and eminently unsatisfactory discussion, because its meaning has never been defined. The term Socialism is only comprehensible when it is supposed to stand for a system of government and division of labour embodying all, or at least the majority, of those attributes which its votaries claim to be attainable by its means. To discuss Socialism, with regard to its merits and demerits, we ought to have some experience of a completely Socialistic state, or, in default of such, a complete Socialistic constitution. The world has seen neither. It is probable that if a thorough experiment with Socialism were made, or if a complete Socialistic constitution, with all its working details, were drawn up and acknowledged as the only workable one, there would be hardly any Socialists. As it is, however, every man is free to conjure up in his imagination any delightful state of things he chooses and call his visions Socialism.

It is natural that a reform, in which everybody imagines he will find the realisation of his ideals and his pet schemes, without any of the drawbacks which practical experience and systematic planning reveal, should gain adherents so long as its advocates limit themselves to generalities and hazy prophecies. The fact that one social reformer insists upon features which another condemns, that one school holds

conditions essential which another considers of no importance, that many of the most logical Socialists recognise so far insurmountable obstacles that the more imaginative ones decline to discuss at all,—all this has not prevented Socialism from being talked and written about as something real and possible. One would have thought that at the very first mention of a reform of such magnitude as the advent of Socialism, politicians, philosophers, and scientists would have at once either demanded, or supplied, an exact definition of the system and tangible proofs of its possibility. But, while no such definition nor such proofs are forthcoming, the number of Socialists is increasing, parties are formed to further the advent of Socialism, politicians speak about it as the final goal of progress, professors treat of it as a coming evolution in the progress of man, philosophers write about it as inevitable in the future, and poets sing its blessings in rhapsodical verse.

Though it is surprising that, in our practical age, so many sensible people should have been thrown off their guard and carried away by a mere cry, there are a host of explanations for the speed with which Socialism is making converts. Modern political development in all civilised countries having, as already hinted at in this work, increased considerably, political ideas conjured up by the imagination unsupported by defective reasoning, but flattering to the poor and the oppressed, have naturally become popular. The spread of education has opened the eyes of the people to their degradation, and caused them to question the justice of a system which heaps immense fortunes on some and utter misery on others. The increasing difficulties for the hard-working, able, and thrifty man to make his way in the world, while capital is assuming an ever-growing and an ever more corrupting influence, have caused a deep

distrust in that individual freedom which, only fifty years ago, was the hope of the destitute classes of Europe. The decay of religious belief—at least in the old forms—and the growth of what may be called the religion of humanity, has quickened consciences regarding their duties towards themselves and their fellow-beings. Large political parties which, during half a century, have kept their followers together by promises of better trade, higher wages, and less poverty, have found it necessary to change, sometimes to reverse, their programmes, and, devoid of sound economic theories, to fall back on Socialistic measures. Wealthy influential classes and churches, in dread of the public discontent, and evidently expecting some new social order, have deemed it good diplomacy to favour anti-economic and Socialistic views by advocating Socialistic measures as so many sops to the democratic Cerberus.

Under such circumstances, it is not to be wondered at that the great majority of the masses, extremely accessible in their emotional nature, who are just in their aspirations, charitable in their views, but slow to reason, should begin to pin their faith to Socialism. Nor is it surprising that writers and poets should reflect the ideas of our time, and shun logical exertions which would only serve to diminish their popularity.

In this country, there are people whose consciences and prudence do not permit them to remain indifferent to either the miseries of the destitute classes, or to the growing class-hatred. Both as Christians, and as citizens, they feel impelled to exert themselves according to their best ability on behalf of their suffering and complaining brethren. These people are active in promoting some kind of social catastrophe by their constant advocacy of some mild form of Socialism.

The mischief lies not so much in actual measures they succeed in getting passed, as in the conclusions that must be drawn from their views. They acknowledge two premisses from which they themselves draw one conclusion, but from which the suffering masses draw another; they acknowledge, firstly, the existence of a mass of unmerited wealth and unmerited poverty; and, secondly, that charity, voluntary or compulsory on the part of the rich, can alone benefit the poor. The conclusion they draw is that capitalists, landlords, and employers should be made to sacrifice some small part of their superfluous wealth to those who earn insufficient to provide decently for themselves and their families.

But the conclusion which is drawn by the underpaid workers is that capitalists, landlords, and employers are guilty of un-Christian selfishness in not sharing their wealth with the poor as the Christian religion prescribes. The result of such premisses and such conclusions is that the great majority of the British working-classes—taught to believe that their condition cannot be improved except at the expense of another class, and hating the idea of receiving charity—listen willingly to the advocates of Socialism in the hope of finding a rational method for the better distribution of wealth.

On the other hand, there are people who look upon the increasing demand for Socialism as a momentary popular craze void of any significant results. They say that no such change is required, that the working-classes are better off than ever, that provisions are cheaper, wages higher, education free, indirect taxes lowered, and the standard of living generally raised.

Enough has been said in periodicals and excellent books about the poverty prevailing among our workers. Those

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who think that everything is satisfactory in our labourers' homes have only to personally visit the be-sweated workers in our slums, in our manufacturing districts, and on our hill-sides, to find that the outward aspect is as saddening as the statistics. But the question before us is not affected by the prevalence of more or less poverty. Our immediate future depends, not on what the working-man ought to have, but on what he will be satisfied with, considering that he holds the balance of power. But, still, it ought to be pointed out to those who reject all ideas of reform that it is not the actual number of poor and unemployed which constitutes the danger for the future, but rather the fact that so many of our great industries prove incapable of yielding any profits, and that others only exist by means of the Sweating system. Fortunately the number of the *laisser faire* people is fast diminishing; for their attempts to take a rosy view of the situation exasperates the victims of our present system, and intensifies their longing for the leap into that darkness called Socialism.

Under such circumstances, it behoves every Englishman to make up his mind as to his attitude towards our modern Socialistic experimentalism. It should be borne in mind that the question is one of logic and not one of sentiment, and that the Socialistic agitation has gathered great strength from the support given to it by a large number of kind-hearted noble men and women. The vulgar abuse which too often is meted out to professed Socialists is, therefore, out of place, especially as the most sincere and most intelligent of them frankly confess that they do not themselves see how the Socialistic ideals can be realised, but that their faith in Providence and humanity prompts them to hope that the onward movement of the race will one day disclose the right methods.

It is, therefore, not sufficient to prove that Socialism, such as it is prescribed to us now, is impossible because illogical. It is necessary to show by word and deed that a continuation of our progress towards personal liberty opens up for our race a brighter prospect than the most elaborate Collectivism could foreshadow.

If the main features of Socialism could be realised, the evils which they would produce would not be so much the disappearance of the so-called privileges of certain people and certain classes—such as private ownership of land, extensive inherited rights, and huge fortunes—but rather an extreme intensification of the evils from which humanity now suffers.

The Socialistic schemes, constructed as they are by people of glowing imagination and slight critical power, are characterised by that simplicity and disregard for scientific facts which is the great charm of children's make-believe games. If a child were to play at making an island or a country happy and virtuous, it would at once suppose that imaginary State to be governed by a very good king who would prevent all wickedness, coerce everybody into being good, give every family a nice little house, beautiful cattle, a charming little garden, and plenty of money. The child would not ask from where the good king would get all these things, and would be incapable of conceiving why such generosity on the part of a monarch with an inexhaustible purse should cause demoralisation and corruption among his subjects.

The imaginings of our kind-hearted Socialist run in the same groove. All he wants, firstly, is a perfect government, which has no other object than to render the people happy, and no capacity for making any mistakes at all; and, secondly, a perfect people, incapable of being corrupted

or demoralised by all such methods of government which hitherto have, in every case that history relates, proved too much for human nature. If we condense all the far-fetched and roundabout ideas of the Socialists, we find that, according to them, Socialism elevates and improves the character of the people to such an extent that they will be both able and willing to establish a perfect government, a perfect bureaucracy, and a perfect police. On the other hand, that the perfect government, the perfect bureaucracy, and the perfect police will render the people perfect.

No reason is ever supplied to prove that either the government or the people would be perfect under a Socialistic system, but these desiderata are taken for granted, and are made the premisses for long dissertations on the advantages that would result in a country thus favoured. Even serious writers, who aim at being nothing if not scientific, seem to base their reasoning on the same loose foundations. They never seem to doubt that Socialism would involve more justice to the toilers, better economic results, a wise and benevolent government, and a completely submissive people. They see no incongruities in Socialistic romances, from which they even quote, and of which they always write, as if Collectivism were the next inevitable step in the development of our race.

Though Socialism is everything to all men, there are certain points which seem accepted by all its votaries. We shall examine some of these in turn, leaving, however, the State ownership of land until we come to the chapter on 'Free Trade in Land.'

Under a Socialistic system, all the implements of production would be owned by the State, and consequently the State would be the universal employer, the universal producer, and the universal distributor. For, without imple-

ments of production nobody could produce anything, and, unable to produce, nobody could distribute anything except the State. All defenders of Socialism would repudiate any reference to past experience of such a system, such as the Syrian and Egyptian empires, or any State in which the workers have been property-less slaves, or to modern experiments, such as Louis Blanc's national workshops. They argue that the Socialistic administration they desire to establish will be different from anything hitherto tried, and that its essential attributes will be benevolence and justice. Later on, we shall show how impossible it is to obtain, in a Socialistic State, such a fatherly government; but for the sake of argument, we will suppose that such a government has been secured and fairly started.

The first question which then arises is, How shall the work be distributed? Who is to have the pleasant work and who is to have the unpleasant? To change about would be impracticable, because each trade requires not only special physical and mental qualities, but also special training. If there is a rush for the most agreeable occupations either on the part of the workers themselves, or on the part of the parents of future workers, who shall decide? Of course the government. When the decision is taken, who shall make the recalcitrant accept the unpleasant work? Of course the government. A strong fellow, with a decided taste for artistical or office work, would, in deference to his weaker competitors, have to be sent down into a coal mine, into a sewer, into manure works, into the stoke-hole, or before the mast. As the daily bread of the whole nation and the cost of a gigantic administration would have to be provided for by the work of the people, it would be treason to the State to allow hesitation or objection, but instantaneous obedience and military discipline would have to be

exacted. As in the matter of distribution of work, the majority would be dissatisfied, and as any combination on their part might bring about great confusion in the State, the means of coercion must be provided on a very extensive scale.

The plan which has been suggested, that all the work in the State should be done by young people under a certain age, would in no way remove their, or their parents', objections to certain disagreeable trades, and would on financial grounds be utterly impracticable, because, as will be shown later, the people would be required to produce an immense amount of wealth, and hard and prolonged work would ever be necessary.

Another suggestion is that those who work in unpleasant trades should be compensated by working proportionately shorter hours. How many hours a day should, then, be exacted from the stoker in order to render his berth as desirable as that of the captain? Applied to shipping, this principle would demand so many stokers, and so many common sailors before the mast, as to fill the steamer, or else it would be necessary to ship constant new and inexperienced hands. In any case, it would be impossible for any English steamers to compete with those of a non-Socialistic country.

If, again, the miner were to have his hours reduced until his occupation was as attractive as that of the artist, the musician, the cashier, the manager, and the English ambassador abroad, what would be the cost of coals? They would be at least ten times dearer than at present, and in that case what would become of railways, our industries, and our shipping? Even, if we suppose that money and money-prices were abolished, and that the whole world were one Socialistic State, so as to get rid of the difficulty of import

and export, the economic price of coal would, even under such circumstances, be a cause of intense poverty for the whole race. The enormous number of miners which would be required, all living as they would expect to do, on the same comfortable footing as the foremost individual in the State, would consume an amount of wealth terribly out of proportion to that which they would produce. And as the majority of the people would be in the same position—consuming largely and producing next to nothing—where would the wealth come from?

Such, and a hundred similar difficulties, would confront the government at every step towards the solution of the problem of labour distribution. There would be only one way to overcome them, namely, to enroll the most powerful and the most reckless of the male population into a police force and a standing army, and grant them such privileges as would secure discipline. Only with such coercive power could a Socialistic government solve the problem of division of labour in a manner compatible with the continued existence of the State.

It stands to reason that, if labour distribution were to be carried out according to military principles, the motive-power —discipline—must be there. Of course it would be necessary to lay extra work on the shoulders of the people, in order to maintain the police and the standing army.

But the question of the allotment of tasks would be an easy one compared to that of providing an incentive to hard work. Piece-work, which in England has proved indispensable in face of foreign competition, would, of course, be inapplicable. The Socialists trust to the patriotism and sense of duty of each citizen. But how about those who would fancy themselves unjustly dealt with, who were in opposition to the government in power, those who wished

to displace their immediate overseers, and those who objected to compulsory work on principle? Would not their sense of duty and their patriotism induce them to work as little as possible? Would not the sense of justice in every man insist upon his being allowed to work as little as possible? And would not any extra exertion on the part of a few individuals allow others to lapse into laziness? Under our present system, when a man has every inducement to exert himself to the utmost, when poverty, suffering, and disgrace threaten him on the one hand, and when on the other, success, comfort, wealth, luxury, and pleasure beckon him on, millions of people neglect their opportunities, and prefer momentary indulgence in laziness or congenial occupations to hard work. What would it, then, be when all these incentives to work have disappeared and nothing remains to urge on the worker, except the thought that by working hard he permits his fellow-men to gain more rest?

With the government as the universal employer, it would therefore be absolutely necessary to make the work compulsory. Here, again, it is evident that if a whole State is managed on the principles of Domestic Economy, such incentives to work must be applied as they are applied in the farm and in the factory. There the incentive is the fear of fines and dismissals, not applicable to a Socialistic State. None, therefore, remain except the lash.

Writers on Socialism are apt to dwell on the economic advantages that would result from production under a Socialistic system, whereby such waste would be avoided as sometimes follows from free competition and speculation. They also dwell on the advantages of obviating overproduction, of dispensing with middle-men, and of manufacturing on the grandest possible scale. But we seldom hear or read anything about the terrible drawbacks which are bound

to attend State-organised production and the employment of labourers who cannot be fined, dismissed, or encouraged by higher wages and promotion. All experience that we have of State-managed production has revealed a host of impediments and difficulties. With regard to the often referred to difference between the cost of a man-of-war built by government and one built by private enterprise, we shall only point out that the Admiralty manages all its construction on Individualist principles, employing all the same incentives to work as private producers employ; also that government shipbuilding nowadays proceeds in competition with private builders, under the control of a free and unhampered Press. Some years ago a First Lord of the Admiralty declared in Parliament that he was well aware of the abuses and defects in the administration of the Navy, but that it was impossible to eradicate them, as any attempt to do so might endanger the management of the whole department.

When such are the effects of bureaucratic *cameraderie* and clannishness in a government department of a free country, with a free Press, and where the government's employees freely acknowledge themselves to be the servants of the public, what would they be in a country where the officials had almost unlimited power over the individual, where the Press was in their own hands, and where military discipline was extended to every action, and to every feature in the life of the people?

It might not be fair to judge of Socialistic production by such government establishments, here and abroad, in which productive work is carried on, but a glance at the financial results of such institutions as prisons and workhouses shows to what an extent official management tends to wastefulness, even when submitted to the control of a free nation and a

free Press. Some years ago the accounts of a workhouse in one of our big cities showed over £100,000 expenses, while the amount of the sale products came to about £60. Such an amazing result is, of course, largely due to the fact that production is a secondary consideration in workhouses and prisons, and that the authorities yield to the popular prejudice against systematic productive work in such government establishments. But probably nobody will assert that the fear of competing with the trades of the country should necessarily compel complete paralysis in such a huge wealth-producing agency.

Abroad, where public opinion has no power to prevent industries being carried on by prisoners, and where these are fed, clothed, and housed in the cheapest and crudest fashion, and where the overseers have unlimited coercive powers, the expenses of prisons enormously exceed the value of their productions.

Advocates of Socialism often point to now existing government departments as illustrating successful official administration, such as the English Post-Office, Continental State Railways, etc. To understand how valueless such illustrations are in the advocacy of Socialism, it suffices to remember that such government departments are not productive; their effectiveness cannot be tested by the percentage with which the cost of production of merchandise exceeds, or falls below, its real value. Besides, they cannot be considered as samples of Socialism, because their effectiveness is entirely the result of the Individualist system which surrounds them. They are, like isolated Socialistic organisms, floating in the midst of an Individualist sea from which they gather their sustenance and their energy, by means of which they purify and transform themselves, and by which they are controlled, chastened, and confined.

The great mistake committed by the votaries of Socialism is not to distinguish between Co-operation and Socialism. It is natural that such a mistake, persistently adhered to, should bias their views of every detail in social organisation. The fundamental idea of Socialism is improved co-operation, and it is only because the Socialists cannot see their way to arrive at a system of free co-operation, satisfactory to all the members of the community, that they have fallen back on the desperate plan of substituting an artificial co-operation based on compulsion, and managed by bureaucrats.

It is, therefore, natural that when they find our present system, which they choose to call Individualist, working unsatisfactorily to the whole, or a portion, of the community, they should fall back on compulsory co-operation, or Socialism. What they do not see is that the gains of extended co-operation by compulsion are entirely swamped by the losses, which are inseparable from the destruction of personal liberty.

Now, the advantages which government departments—or municipal administration—afford spring entirely from the principle of co-operation, and the drawbacks, difficulties, annoyances, and persecutions from the Socialistic principle.

Let us instance the supply of gas. It is far better for a community to co-operate in the production and distribution of gas than to leave each house to manufacture its own gas. The advantages are saving of capital, time, space, and trouble; that is to say, the general advantages of co-operation. But, if the gas-works are established on Socialistic principles, many of these advantages are jeopardised, and a whole series of disadvantages crop up. If the gas is bad and dear, the consumer has no other redress than a complaint against the gas authorities. These, anxious to avoid any inquiry into the management, will jealously pro-

tect themselves against complaints. Their monopoly and their authority render it easy for them to worry a rebellious consumer. The consumer, in order to get the better of the gas authorities, must appeal to the municipal authorities; and as the gas authorities in a Socialistic State are sure to exercise a far greater influence over the municipal authorities than the consumer, there is very little chance of redress. His only remedy then is to agitate, possibly in conjunction with other discontented consumers, against the municipal authorities. If he and his friends do not succeed in defeating these, they must submit to them; for, in case of any revolt which the municipal authorities cannot quell, these will appeal to the government of the country for support. The discontented consumer has, therefore, no other remedy than to agitate against the government, which, however, though against him in the gas question, might better represent his opinion in general than the Opposition.

The difficulty of obtaining redress is not the only one which would dog a Socialistic gas-works. The gas authorities would not allow any private production of gas for home consumption, and far less any sale of gas from private works. Working for the good of the community, they would resist any infringement of the monopoly with at least the same deplorable zeal as the English Post-Office has recently displayed against private enterprises of great utility to the public. All new inventions would be resisted as so many sources of trouble to the gas authorities. The use of lamps and electric light might easily become a government question. The change of a gasometer, the laying of a few new pipes, and hundreds of other details would, more or less, depend on government influence, and the position of the parties in Parliament.

If the Socialists could be made to understand to what

perfection co-operation could be brought, when supported, carried on and developed by those powerful impulses of energy, intelligence, and invention which come into operation under a completely free system, they would be co-operators and not Socialists. Unfortunately they regard our present system, with its many Socialistic features, its monopolies, its government meddling, its defective defence of individual liberty, as a fair pattern of a free system, and do not understand that we now live in a half-way house towards Socialism, and suffer accordingly.

Another point on which the Socialistic school seem to agree is that the products of national labour must be fairly distributed among the inhabitants of the country, or, at least, among those who have fulfilled their duty to the State. But, as to the manner in which this distribution should be effected, great difference of opinion exists. Until some understanding regarding a practical method of sharing between the inhabitants the results of the common work is arrived at, all Socialistic speculations are vain, because a fair remuneration for labour is the central idea in Socialism. All the plans that have been suggested for Socialistic distribution may be ranged under two heads: namely, firstly, distribution without any right of private possessions whatsoever; secondly, distribution with right to private property in products, but not in implements of production, raw materials, and capital in general.

The only practical way of solving the problem of distribution in a Socialistic State is to prohibit absolutely private possession of not only the means of production but of everything. But this method involves the necessity of all the individuals of the State living in houses of exactly the same size and kind, the uniformity broken only according to the number of the family; it involves a distribution of similar

food, similar clothes, similar drinks, similar books, similar luxuries—if any—to every individual. Any exceptions or deviations from the general uniformity would constitute a cause for just complaints, if not for a dangerous revolt. And yet, on the first day of such a system, most serious difficulties would present themselves.

Invalids and delicate people would have to be given provisions, wines, and comforts which it would be ruinous to the State to give to all. The question of determining who were invalids, who were delicate, would probably have to be left to the official doctors, and it can easily be imagined what enormous power these men would acquire. It is extremely likely that those citizens who served the community with their brains would claim a higher standard of luxury and comfort than the manual labourers. It is impossible for any mortal to imagine a State where the Prime Minister and all the high officials would receive exactly the same wage as the ploughboy. Would not the official position, with its duties of large hospitality, social expensiveness, and display, form a good excuse for the officials to vote themselves large supplies? But once the principle of complete uniformity is infringed to the smallest extent, a social evolution would at once set in which would reach its climax in the separation of the nation into two classes—the administrative class and the working-class—the patricians and the plebeians of old.

The possession of private books, works of art, collections of rare and interesting objects, personal ornaments, pet animals, etc., would of course be out of the question. Such possessions would speedily re-establish the old private property system, because it would lead to hoardings, barters, exchanges, and generally stimulate the instinct of accumulation. If any accumulations were at all allowed, the frugal and clever people would become wealthy, and

speedily influential enough to manipulate the election of the officials, and soon turn themselves into a ruling caste. Any hoarding, or accumulation of distributed products, and even of such objects as the individuals themselves produce in spare time in their homes, would have to be prevented by constant inspection.

Those Socialists who have any mind at all for economic questions are well aware that the absolute prohibition of private ownership in products is practically impossible, and that, if it could be accomplished, it would bring about a condition for the people which would bear an alarming analogy to that of convicts. While, therefore, in their Utopias they maintain State ownership of the means of production, they permit private ownership in products. In fact, some of the prophetic visions of future Socialistic communities derive all their charm from the inclusion of this Individualist feature.

But the authors of these fictions and their disciples do not perceive that by leaving the door ajar to Individualism, they make it easy for the force of circumstances and for the natural instincts of man to reassert the rights of personal liberty.

Mr. Bellamy in his book *Looking Backward* is especially guilty of this inconsistency. Having, according to his opinion, consolidated his Socialistic State by prohibiting, or excluding, the use of money, and finding a certain amount of individual liberty and private ownership absolutely necessary, in order to render life bearable, and also that private ownership means exchanges and bargains, he introduces a medium of exchange of his own invention. It consists of a card representing the right to a certain amount of products, the delivery of which is marked on the card by punchings.

It will be patent at a glance to any student of Economy that these cards differ from our present media of exchange

only in form and not in nature. Surely, it would have been better if the inhabitants of his Utopia had received ordinary cheque-books, as in this way accounts could have been kept much more accurately and even the smallest purchases more correctly recorded. Only, had this practical method been suggested, the return to Individualism would have been manifestly flagrant, and Individualism and not Socialism would have got the credit for the attractiveness of his Utopia.

Private ownership in products would, in a Socialistic State, soon lead to Individualism. According to Mr. Bellamy's own plan, each individual entitled to a portion of the general products would be paid in the above-mentioned cards. In what way he would spend the card would then rest with the holder. He would be at liberty to spend his card in eatables, wines, and other articles of consumption, or to buy furniture, precious metals, ornaments, or works of art. He would even be able, if he thought fit, to purchase for the whole of his card such articles as he might believe destined to become scarce, and therefore more valuable, such as rare books and prints, pieces of furniture by renowned makers, wines of extra good vintages, certain brands of cigars, dogs or horses of select breed, etc. In fact, he might speculate.

While thus one imprudent man spends his card in personal indulgences, another rapidly accumulates possessions. The time soon comes when the careless man's card is punched all over—that is to say, when his money is exhausted, and when he cannot obtain any more supplies from the State warehouses, except against hard work or as an object of State charity. Both the one and the other would label him as an inferior human being, and, in order to keep his character, he would naturally come to some arrangement with those who had plenty of unpunched cards and large stores. He might borrow at interest, buy on credit, leaving the seller a

profit, or render services to the possessor of the coveted goods.

In this manner the old discrepancy of resources would be speedily re-established. Such Acts as the government could pass to delay the process would be of little avail. If bargains, promises to pay, sale-contracts, were made void, or even prohibited, this would only facilitate transactions, because in that case debts and liabilities would be as promptly and willingly acknowledged as are gambling debts nowadays.

The whole experience of humanity demonstrates how impossible it is by Act of Parliament to root up honesty from a man's soul.

According to Mr. Bellamy's plan, we should thus have a community divided into rich and poor, differing from the present state of things only in so far that the poor man, crippled with debt and in honour bound to hand over to the rich man all that his cards allowed him to draw from the State stock, would not be permitted to use his energy for the purpose of getting out of debt, but would have to surrender all his work to the State. If the State paid him badly—which would be extremely likely as soon as he attained a certain age, the bulk of the work in the Utopia being assigned to the young people—he would not be at liberty to work for his own account or for any private employer, as the system would preclude the possession of private tools and implements.

It is of course essential to the maintenance of a Socialistic system that the transmission of fortunes by inheritance should be prohibited, as otherwise a discrepancy of resources would rapidly develop. But is it possible to prevent by legislation the transmission of worldly goods from father to son so long as private ownership is allowed? State

confiscation could be avoided by the simple process of a father handing over his property to his children prior to his death.

Free gifts between individuals could not be prevented, if private ownership were to be respected at all.

It will, therefore, be evident that private ownership in products would soon divide the population, in a Socialistic State, into two camps—the rich creditors and the poor debtors. Such a state of things would of course powerfully militate against the continuance of Socialism. The rich would be anxious to free themselves from the interference with their fortunes on the part of the Government and from the *corvée* which the Socialistic State would expect them and their children to perform personally. The poor would be anxious to be free to employ their power and their ability with more profit to themselves than the State could give them, in order to have at least the chance of escaping from indebtedness, and to attain to the same position as the rich. There would, in fact, be few people eager to continue the Socialistic system after its main object—social and economic equality—had failed to be fulfilled.

Nothing, perhaps, in the Socialistic theories is more hazy and illogical than the manner in which the indispensable perfection in government is to be attained. It seems that, in order to give the people a control over the government, it is to be elected on a similar system to the present one, with the only difference that the franchise should be extended as widely as possible.

Such dependence of the government on popular opinion constitutes a practical safeguard for the people in an Individualistic State, like the United Kingdom, but would become a farce in a Socialistic State. The Socialists forget that they intend to give to their government a power incomparably larger than any government in the world ever

wielded, and that their idea, therefore, of giving to the people unlimited control over the government, while they give to the government unlimited control over the people, is self-contradictory. Once a Socialistic Government established, the difference in the condition of the ruling officials and the working people would be so striking that all able men among the people would strive to become officials, and all officials would strive to maintain their position. The officials would, therefore, naturally combine, and, having absolute control of all the resources of the country, and the power to order every individual about, their political influence would be incomparably larger than that of the workers. Besides, in a State where work is compulsory, the officials would have powerful means of coercion at their elbow ready to crush out any insubordination. The workers, on the other hand, would not be able to assert the right of opposition, as they would have no halls to meet in, no means by which to carry on an organisation, and no free Press to represent their opinions. In what way then would opposition be able to check the governing officials?

Even if we take for granted that, despite their demoralising power, the officials would develop those noble natures, which Socialists presuppose, to such an extent as to resign their position and to resume their places among the workers without any struggle to retain their privileges, there still remains the chapter of mistaken opinions. Would not, in a community where both production and distribution were organised on a system of military discipline, the slightest sign of opposition endanger the welfare of the whole nation? Might not a President, a Prime Minister, or a whole body of officials, look upon any attempt to oust them as the beginning of a general chaos? and would not, in such a case, their duty and their patriotism prompt them to save the

country by retaining the power and omitting the formality of elections?

In descriptions of Socialistic Utopias, where such teachings of experience as are here given have been disregarded, many other things have been ignored. We never find it even hinted at as to what would be the relations between a Socialistic State and other States, be they Socialistic or not. Would export and import be carried on with merchandise produced under government supervision and with that liberal remuneration to the workers of which the Socialists dream? Or would the Socialistic State sacrifice all the benefits of foreign trade? When each country, perhaps each province, is administered on the principles of Domestic Economy, would not the commercial jealousy which prevails among private firms arise between countries and provinces? As the happiness of each country, or each province, would depend on the profits it could realise, would not each try to get the better of its neighbours and competitors? Would not such questions as right of way, purity of rivers, supply of coals, taxes and duties on goods, terms of exchanges, etc., form dangerous apples of discord capable of leading to actual war?

War between nations is nowadays prevented to no small extent by the fact that the inhabitants of inimical nations all have an interest in peace, and that war is caused exclusively by government intrigues, dynastic interests, and mistaken notions of Political Economy. But when two antagonistic countries are governed on a system of Domestic Economy, the interest of all the inhabitants would demand that each government should try to wring as many advantages and as much wealth as possible from the other. The governments being commercial concerns, both working and fighting for profit, they would stand in the same relation

to each other as two rival commercial establishments, uncontrolled and unprotected by any superior impartial Power, but relying entirely on their own policy and their own fighting capacity. In case of universal Socialism, the old national animosity would, therefore, be enormously intensified by the self-interest of every individual citizen in each country.

A country, where the people's happiness depends on the profit of the government, would be strongly tempted to treat its dependencies very differently from the way in which we treat our colonies now. It would be to the interest of all the citizens of the country to completely enslave the colonies, and to exploit them on the commercial principle, regardless of the fate of the colonists. Such a policy would of course not be in keeping with the aspirations of our present Socialists. But will these take the responsibility for the action of their successors in view of the palpable process of degeneration which is inseparable from a government fighting for profit?

To form large territories—whole States or smaller territories, provinces, towns, and parishes—into politico-commercial establishments, each subjected to a government with patriarchal powers and interests, would be to prepare a general and continuous warfare: for it would be nothing short of returning to the feudal institutions of the middle ages and the reign of violence which characterised them.

When we closely examine the aims of the Socialists and the means they propose to use in order to attain them, we find that their means invariably tend to exactly opposite results to their aims. They wish to see the land in the hands of the people, but they propose to take it from the people and hand it over to government officials; they wish to see the people better off, and they deprive them of everything in favour of the government; they wish to add economic

liberty to the now existing liberties, and they make every inhabitant absolutely dependent on a bureaucratic caste for everything they require in life; they wish to elevate and honour labour, and degrade it by making it compulsory; they yearn for a perfect government, and they give to it powers and attributes which in all times have tended to demoralise human beings in authority; they hope to render the people perfect, and subject them to a system of slavery more complete than any that has yet corrupted nations and races; they desire universal peace, and they propose to replace universal co-operation by universal strife.

Let the British nation, and especially the working-classes, be warned in time. It may be impossible to establish a complete Socialistic system in the United Kingdom, as our working-classes value their liberty too highly, and easily see through the fallacious reasoning of the votaries of Socialism. But it is not impossible that attempts will be made, and it is certain that such attempts will exercise a most baneful influence on industry and trade, and that the consequences will fall most heavily on the workers. There are amongst our politicians, our agitators, our writers, and our clergy generous-minded and sincere people who recklessly advocate a social upheaval of which they are unable to grasp the true nature. But there are also selfish men imbued with the belief that they are born to enjoy all the privileges and luxuries of life while the great majority of their fellow-beings are predestined to toil and suffer. These selfish men, too, preach Socialism, but not because they have any sympathy with the oppressed and the be-sweated, but because they well know that once the working-man has yielded up his liberty and newly-acquired political power to the State, it will be easy to hold him in subjection by such State Socialism as has been so effectively applied in Germany, and through

which the wealthy and influential classes can so easily snatch the power. Socialism is an impossible dream in some, a base conspiracy against the working-classes in others; but all its advocates urge the country on in a direction opposite to that in which true happiness and true greatness are to be found.

Before, therefore, the British people are coaxed into yielding up their newly-gained liberty they should try to use it. The Britisher already possesses political freedom, religious freedom, and social freedom; but he has not economic freedom. Let him, hand in hand with his fellow-citizens all over the globe, make a dash for that indispensable condition for earthly happiness, and if, when in possession of it, he finds that liberty is incompatible with prosperity, it will be time enough to contemplate artificial systems based on compulsion.

V

IMPERIAL FREE TRADE

THE advantages derived from the Zollverein in Germany, and the facilities afforded to American industries through the vast expansion of their home market, have frequently caused a closer commercial co-operation among the different parts of our Empire to be contemplated. That the subject has not secured more attention is partly due to all-absorbing party topics in Parliament, and partly to the shelving of economic questions both here and in the Colonies in favour of State Socialism. It may be added that the full importance of a closer commercial co-operation has not had a chance of being appreciated here, or in the Colonies, since Political Economy has been neglected, and since it has gained for economic science the reputation of being abstruse. In connection with hazy dreams of future Imperialism, suggestions of a British Zollverein have been made. But absolute Free Trade throughout the Empire has never figured on any politician's programme. The cause of this is not altogether due to the supposed difficulties in the way: for these have never been examined. If this practical realisation of Imperialism, this thoroughgoing remedy against trade depression, has been totally ignored, it is chiefly due to the reluctance of the present political parties to suggest any measure which, however useful, is not clamoured for by the agitators.

There can be no doubt that so far the masses have not demanded Free Trade in the Colonies. For this there are many reasons. The British public are accustomed to hear from public speakers, and to read in the press, doubts as to the benefits of Free Trade. The great Free Trade reform of 1845 was not passed because the people had grasped the arguments in favour of unhampered trade, but because the repeal of the Corn Laws meant a cheap loaf to a starving people. The arguments of fifty years ago, incomplete and one-sided as they were, have never been heard by many of the present generation. And as to the new arguments in favour of Free Trade which recent investigations have supplied, very few Britishers indeed are acquainted with them. These arguments show that Protection is not only an unjust tax on the people's food, but an obstacle to the very industries it is supposed to foster.

In order, then, to evoke an interest in a question which is of the most vital importance to the maintenance of the Empire and the prosperity of British trade, it will be necessary to give a somewhat complete explanation of the folly of Protection and the immense advantages of Free Trade.

The excuse for Protective duties is that they are supposed to further native industry. Never was there a greater fallacy. The way these duties operate is as follows: foreign goods are, when imported into the protected country, charged with a tax so as to render them dearer to the consumer, and thereby allow the native producer to obtain from the people a higher price than his goods are really worth. By this high price people are tempted to invest their capital in productive undertakings which are called industries. Slight reflection will show that the word 'industry' is a misnomer for such undertakings, well calculated to cloud the perception of the unwary.

Industry proper is a process by which the wealth of the people is increased. But protected industries, far from increasing the wealth of the people, diminish it at an alarming rate. The following reasoning will prove this: If the protected producer had not the privilege of taxing his fellow-countrymen, he would, according to his own clamorous avowal, have no profit but a loss on his production. The extra price which he extorts from the people has, then, the object of, firstly, covering the actual loss on his operation, and, secondly, of securing to him the means of living and of making a fortune. Consequently the protected manufacturers devote a large proportion of the country's capital and the labour of a great number of people to the sole object of destroying considerably more capital than they produce. When, for example, a protected manufacturer imports, say, £50,000 worth of raw material, and works it into marketable goods at the expense of another £50,000, he has consumed capital to the extent of £100,000. But the goods thus produced are only worth, say, £80,000 in the general markets of the world, as they could be had from other countries at that price. There is, therefore, a clear loss of £20,000 to the country. The manufacturer, knowing that foreign goods equal to his own would have to pay a duty which would bring them up to the artificial value of, say, £120,000, charges the people accordingly. Thus, when the operation is concluded, the manufacturer has made a profit of £20,000, but the people have lost £40,000.

Nothing can be more ridiculous than to call such a capital-destroying enterprise an industry. This becomes evident if we apply the principle of public sacrifice to other branches of economic activity, let us say gold-mining. With very slight protection it might be started anywhere. All that has to be done is to employ two sets of men—one set to dig the

gold down, and one set to dig it up again! If the government would only give a bounty on the gold that is dug up it would pay to dig it down first. Such sham gold-mining would not be more irrational than is the production of other goods under protective duties, or bounties. When the problem is thus dissociated from its delusive surroundings and familiar forms, the most superficial mind would ask what would become of a nation completely devoted to such foolish occupations. The reply of course is that a nation, like a family, employed in unprofitable work, would go to ruin. Whether it be called artificial industry, or artificial mining, there can be no difference in the actual results: the loss to the nation is in exact proportion to the extent given to such harmful operations.

One important question which Protectionists seldom ask themselves is this: Who pays for this lavish expenditure? To understand our reply to this question, it must be noted that the introduction of a Protective system into a country divides the producers into two distinct classes which, with few exceptions, have directly opposed aims and interests—namely, the natural industries and the protected industries, or, as they might be more clearly called, the productive industries and the destructive industries. The former are such industries as are not protected by duties, or, if they are, sell their products to foreign countries, and can consequently derive no benefit from protection. The latter sell their products only in their own country, where the law permits a substantial over-charge, and, as a rule, they never export, because the high cost of production, which the Protective system involves, excludes them from all foreign and even neutral markets. It is evident that the unprotected—that is, the productive industries—alone keep the country from utter ruin. Whatever the destructive industries destroy, must

first have been produced by the productive ones. Thus, the more artificial industry is fostered in a country, the worse for the people, and the higher the tax laid on the natural industries.

If the actual destruction of capital, which results from the destructive industries, were the only loss which fell on the shoulders of those employed in the productive ones, the system might be bearable. But, unfortunately, the natural industries are sacrificed in several other ways. They have to contribute the total amount of all the national expenditure. The cost of government, administration, army, navy, police, church, public works, repayment of public loans, and wars—all is paid for by the natural industries. The artificial ones do not in reality contribute one iota. They appear to do so; but if we compare the amount of taxes which they pay with what they collect from the people, they do not stand in the position of tax-contributors, but of tax-collectors, who keep for themselves the bulk of what they collect.

The worst effect which the Protective system exercises on the real bread-winners of the country—the workers in the natural industries—is however yet to be considered, namely, the raising of the cost of production. By the Protective system the real producers—the farmers in America, Canada, Australia, and other countries, for example—have to pay an enhanced price for everything they require for their production and for their living, while the price of sale of their own products is not raised, because it is not determined by the scale of prices prevailing in their own country, but by the world price. This raising of the cost of production, without a corresponding rise in the price of sale, is a most inhuman form of taxation, because it strikes at the root of the economic life of natural production. It is a tax which cannot be made good by any extra activity, because it upsets all

calculations. If in the above-mentioned countries the protected manufacturers made a law that half or three-quarters of all the profits earned by farmers and other natural producers were to go to them, the manufacturers, they would tax the natural producers less cruelly than they do now. By not interfering with their cost of production, they would at least leave them a margin which could be expanded by dint of economy, intelligence, and hard work. As it is, the manufacturers keep the farmers and other natural industries in constant economic difficulties, and thus kill the goose that should lay the golden eggs.

The Protective duties do not only raise the cost of production for the natural industries, but they also lower their price of sale considerably; and this in several ways. We demonstrate in the following chapter the now indisputable fact that the circulating coin of one country cannot be transferred to and used as coin in another, and a natural conclusion from this fact is that no country can profitably export more than it imports. The actuality of this natural balance is now so generally recognised that we need not here give circumstantial proofs. We shall only mention that loan operations, and the transmissions of bonds and securities, which are often alluded to by the believers in the old-fashioned trade-balance theories in no way disprove the impossibility of profitably increasing the export without increasing the import: for, whenever bonds are remitted in payment of goods, we find the balance re-established later on, the bonds representing postponed imports and exports of goods. When the dividends on the bonds, or the bonds themselves, are paid, they are paid in goods. Now when a country diminishes its import trade by import duties, the export trade falls off in proportion. This comes about in the following way.

When, for instance, America places heavy import duties

on European goods, a very large proportion of those manufactured goods, which are consumed in the United States, are manufactured within the country, and the import is reduced in proportion. This renders the business of the European manufacturers slack. There is among them more competition and less production. The manufacturers, all the people they employ, all those engaged in export and in shipping, have their profits and their wages reduced. They are unable to consume as much American produce as they ought to do, and the products of the American natural industries thus become a drug in the market, and fall in price. It is difficult to over-estimate the loss which the American and Colonial farmers suffer under this head. The fact that all foreign goods are dear in these protective countries compels the inhabitants to reduce their consumption, and, consequently, the products of the natural industries have to be sold at reduced prices, even within the country itself.

The effects of this systematic robbery of the farmers and other natural producers manifest themselves in many ways. With enormously raised cost of production, and lowered price of sale, they have the greatest difficulty in making both ends meet. However much they reduce their number of hands, however much they lower wages, the goods they produce have a tendency to cost more than they can obtain for them. The extraordinary crop on the other side of the Atlantic, and the failures of the crops in Europe, have momentarily relieved the financial pressure under which American and Canadian farmers have long suffered. But during years of normal crops the North American farmers, whose natural surroundings warrant a high state of prosperity, have a hard struggle to even maintain their position. They are in a chronic state of want of capital, their indebtedness

tends to increase, and the natural fertility of their soil becomes more and more exhausted without increasing their capital.

The protected industries, for whose benefit the natural ones have been ruthlessly sacrificed, are supposed to derive great advantages from the system—at least the protected manufacturers believe so. They see the enhanced prices they can charge, but, having no knowledge of Political Economy, they are blind to the many drawbacks which the system involves. They cannot export their products, and, being confined to the home market, the competition between the native manufacturers easily becomes intense. The reduced power of consumption of the whole nation limits their production and hampers their selling. The slow accumulation of capital and the financial unsoundness amongst their customers expose them to heavy losses through failures. All their expenses and their cost of living are increased, and they are obliged to pay wages which, though insufficient for their workers in a dear country, are often out of proportion to the price they obtain for their products.

Protectionists argue that Protective duties will foster industry, or what they call industry. But, as a matter of fact, such duties are well calculated to impede and smother industrial enterprise. It is always forgotten that the products of one industry are often the raw material of others. The duty which is supposed to benefit one industry may therefore damage ten. If, for example, duty is put on cotton yarns, in order to protect the spinner, the weaver must suffer, because he has to pay an enhanced price for his yarns. The protectionist remedy for this is to place a still higher duty on cloth, which again damages the printer and the dyer. When the printer and the dyer are protected in their turn, the manifold trades which use cloth as a raw

material would be unable to exist if they were not allowed to overcharge the consumers. Thus by this absurd system the protection accorded to one branch of production confines ten other branches to the home market, shutting them out from the trade of the world. It often happens that important natural industries are severely hit by this system of protecting one trade at the expense of others. Thus, for instance, the duty on tin plate in the United States, imposed under the pretence of protecting a destructive industry, which, under a free system, might well be a productive one, is an unjust tax on the various canning trades—industries of considerable importance to the United States.

It is sometimes said that new countries require protective duties in order to allow them to take root and gain strength before they are exposed to the cold blast of competition. If it be taken for granted that industries are reared in the same way as plants, there is plausibility in such talk; but, as it happens, there is no similarity whatsoever between plants and industries. Few if any modern industries grow up independently from one seed. They generally co-operate and lean on each other. The fact that certain industries are in existence makes it generally easier for others to spring up. Thus it is easier to start coach-building, for example, in a country where producers of all the different goods which are required to make a carriage already exist, than in a country where no such co-operation can be had. And this fact explains why free-trading Great Britain has attained to such a high pitch of industrial activity. The British manufacturer can select his raw material, accessories, and finished parts from the whole world, and can present to his customers a complete assortment of patterns, styles, and qualities. In a new country new industries have no old ones to lean on, and, if they are debarred from co-operating with foreign

ones, they must either start in the shape of a whole series of industries, or become extremely one-sided and primitive. Free Trade is therefore an essential condition for the growth of industries in a new country.

Two excuses are frequently put forth for the maintenance of Protection in the Colonies: namely, that new countries have not sufficient capital to compete upon an equal footing with the old countries, and that they have not sufficient remunerative employment for their workers. We prove, in the following chapter, the truth of the economic axiom, which says that every country has enough capital, and that what in many countries appears as scarcity of capital, is a vitiated mechanism for the supply of it. But we must here protest against the method of reasoning adopted by the Protectionists, when they recommend a system which represents sheer destruction of capital in countries supposed by them to be short of capital. In the United States, as well as in our protected Colonies, capital accumulates slowly, because so large a proportion of the population is busily engaged in destroying it. This destruction of capital has grave consequences. The natural wealth of the British Isles is only a fraction of that of the United States, or of that of many of our Colonies. But, in spite of this, a great many American and Colonial railways and industrial undertakings have to be financed entirely with capital from these small free-trading islands. Mines, forests, and large tracts of fertile soil in America and the Colonies are constantly passing into the hands of British capitalists, because the destruction of native capital, combined with defective banking, compels the sale of such property at ruinously low prices.

As to securing high wages for the workers, the Protective system produces exactly the opposite result. The natural industries, as we have seen, are plundered and hampered to

such an extent that they can employ only a portion of the hands they would employ under a free system. The destructive industries, limited to the home market, cannot extend their operations beyond its demand. Under such circumstances, the demand for labourers is far from what it should be, and the wages, though in some places nominally high, are not at all what the enormous resources and scope for work in our Colonies warrant. In fact, the difficulties under which the protected industries work would entirely out-balance the advantages to the manufacturers, if the system did not allow them to deprive the labourers of a considerable portion of the wages which they would receive under a free system.

Guided by the above glance at some of the worst consequences of protection, it will be easy to form an estimate of the losses which the economic mistakes of our Colonial fellow-subjects inflict on themselves, as well as on British and Irish working-men.

The rate of wages in our manufacturing districts and in our shipping ports depends largely on the demand for goods for export. Again, the rate of wages of our agricultural labourers depends on the degree of prosperity which exists in our manufacturing districts and shipping towns where the farm products are consumed. The export of British farm products is out of the question, and if British farming cannot thrive by supplying the consumers in the country, it must suffer or be abandoned. Considering however the enormous import of foreign farm produce, no one can doubt that under a rational economic system British consumers would be able to keep home farming both busy and prosperous.

Finding that the prosperity of our workers both in town and country depends on the condition of our export trade, the impulse which this trade would receive through Imperial Free Trade is a matter of great importance to us. Let us,

therefore, try to form an idea of the expansion our Export Trade would receive, and of the change in circumstances which would accompany such an expansion, in the case of Free Trade with our Colonies.

In the first place all British goods, as well as the goods of other countries, would be cheaper in the Colonies, and the people could buy more for the same amount of coin. Cost of living would be reduced, and the people would soon attain to a higher degree of prosperity, and consequently require more British goods. The natural industries in the Colonies would derive several advantages from the reform: their cost of production would be reduced; the increased export from Great Britain would cause a corresponding increased import of products from the Colonies—the working people at home experiencing a better demand for their work, would receive higher wages and consume more colonial products. These two great advantages for the natural industries in the Colonies would of course result in a greater demand for hands, and wages would be forced up.

This again would increase the consumption of British goods. The rising wages in the Colonies would attract immigrants from Great Britain, and this again would affect this country in two ways: it would stimulate wages at home and would still more increase the demand for British goods in the Colonies. The value of land and all other property in the Colonies would go up considerably. This rise would produce great prosperity, would probably make thousands of fortunes. The rapid growth of capital would produce much activity and enterprise, involving a greater demand for labourers in the Colonies as well as at home, and consequently higher wages. The increased export from other countries to our Colonies would to no small extent increase the consuming power of all the civilised world, and

most countries would buy more goods from Great Britain and from the Colonies. As a consequence wages would rise to some extent throughout the world. The increased shipping between the British Colonies and the rest of the world, especially Great Britain, would raise freight and bring about a considerable increase in our merchant navy. More sailors, stokers, etc., would be required, and their wages would go up. Harbours, railways, tramways, canals, irrigation works, water, gas and electric works, schools, theatres, public halls, and other institutions would fast increase in the Colonies, much to the benefit of the working-classes of the trades co-operating in their creation.

Protectionist manufacturers in our Colonies are prone to represent free-traders as bent on destroying all those branches of industry which rely on protection. They often look upon Free Trade as incompatible with the production of manufactured goods. They often make converts by pointing to the difficulties which surround them, while ignoring that all these difficulties spring from the protective system itself. A reference to Great Britain is of no avail; for the protectionist faith is not based on fact and experience, but on illogical reasoning. Unprejudiced people would conclude from what we have already said, that freedom is the only effective protection which can be given to industry, but it may be useful to explain to those who imagine that we wish to benefit the British working classes by preventing the production of manufactured goods in the Colonies, that Free Trade will not abolish the destructive industries but simply transform them into productive ones. The unfortunate idea that the development of one country's industries is detrimental to those of the others has clouded the minds of legislators in most countries: it nevertheless remains an obvious and absurd fallacy. The great loss which Great Britain experi-

ences from the protective policy of the Colonies does not arise from the fact that goods are manufactured in the Colonies which might be manufactured at home, but from the poverty, reduced production, diminished power of consumption, and stagnation in development—all resulting from protection and other economic mistakes.

When Imperial Free Trade is adopted, it is not likely that one single factory in our Colonies will be closed. The great improvement in the condition of the working classes which, as we have shown, Free Trade is bound to produce, would soon manifest itself in the Colonies, in the shape of reduced cost of living. In Great Britain it would take the form of generally and actually raised wages. Thus, the British producers would have to face and meet fresh demands from their work-people, and be compelled to add the extra wages to the price of their goods. The industries of Great Britain are already highly developed, and it would not be easy to counter-balance the higher wages by improved methods and increased turn-over. Manufactured goods would therefore be dearer in Great Britain.

The colonial industries would have no such demand for higher wages to meet for some time, in fact not until the degree of improvement in the condition of the workers had exceeded the degree of reduction in their cost of living. The tendency of prices of manufactured goods in Great Britain and other countries being to go up, the price reduction which the colonial manufacturers would have to make, in order to meet the free foreign competition, would not have to be equal to the full amount of the abolished duty, but only to a part of it. The rise in the rates of freight, railway carriage, commissions, shipping expenses, and middleman's profits, would of course constitute an additional advantage for the colonial manufacturers. So

would the probable but not marked rise in insurance. Some reduction in their prices the colonial manufacturers would have to make, but for this they would have ample compensation. All those trades which consume manufactured goods as raw material would be greatly benefited. We know that when Prince Bismarck imposed the high duties in Germany, there was a considerable outcry amongst the makers of hosiery, small-wares, umbrellas, and many other kinds of goods, because the high duties on yarns, cloth, umbrella-frames, etc., destroyed a large portion of their export trade.

When Free Trade prevails in the Colonies, it will be found that a great many industries have been kept in a depressed state, and that some of the best trades in the country have all the time been prevented by protection. All the colonial manufacturers will derive enormous advantage from the improved condition of their market. They would be able to sell easily with few expenses to wealthy and cash-paying customers. Failures would be less frequent, and the turn-over more rapid. They would all be able to manufacture on a larger scale, and thereby considerably increase their profit. With a large turn-over, all the general expenses, such as clerks, travellers, foremen, patterns, stamps, rollers, etc., would count for less in the cost of production, and in many trades this would be an enormous advantage. If a manufacturer under the protective system charges 50°/₀ profit, and produces goods to the amount of £50,000, and under the free system charges only 25°/₀ profit, and turns over £150,000, the total of his profit would be 50°/₀ higher under the free system, and this without counting any of the other great advantages which a large, rapid, and safe turn-over involves. If we ask the sewing-silk manufacturers of Leek and Macclesfield, who

were expected to be sacrificed in the Free Trade reform, whether they would go back to the old system of a small turn-over and large percentage of profit, we should find every one of them vastly prefer their present smaller percentage and large turn-over.

The more the Colonies develop, the more will the Colonial producers be able to avoid middlemen and sell more directly. Each manufacturer would have sufficient customers at his door, and would not require to send his traveller over large territories in order to secure small orders from unsafe customers. Besides, it would be very strange if a manufacturer who suddenly experienced a strong demand for his specialities, could not add to his profits by importing part of the goods he sells. He would in fact be in a better position to take advantage of Free Trade than any one else, as he would have the connection ready formed. The result would probably be, that the manufacturers would continue to produce certain specialities as before—only in larger quantities—and at the same time be able to carry on a large trade in others.

The idea that Free Trade is useful to the industries of some countries and harmful to those of others is too absurd to require refutation. The laws of nature and of arithmetic do not vary according to countries. When it can be proved that twice two does not make four in our colonies, as well as at home, it may be believed that Free Trade, which is the life and soul of British industry, would be the death of the industries of our colonies.

The defenders of Protective Duties not only start from a host of utterly fallacious postulates, but draw conclusions contrary to all logic. They start, as a rule, with the following suppositions:—that it is an advantage to attract more coin into the country than is natural to it; that the circulating

mass of coin can be increased by encouraging exports and discouraging imports; that the trade balance thus brought about would be settled in coin; that a large export and a small import could be maintained without resulting in national poverty, etc.

It suffices to study the variations of the foreign rates of exchange to understand that the slightest tendency towards a disturbance of the natural coin level of the world would, within a few hours, affect the foreign rates of exchange in such a way as to at once counteract this tendency; that the same rates of exchange would prevent the settlement of any temporary trade balance in coin, and cause it to be settled by goods; that, in view of the impossibility of importing coin except at a loss, a large export and a small import could only be possible through an enormous loss on our foreign trade, through deliberate gifts to other nations, or through heavy indebtedness to other countries. A glance at the imports and exports of the different countries of the world will show how completely this truth is confirmed by actualities. It will be found that all the poor countries—all those which labour under heavy indebtedness to foreigners—have a smaller import in proportion to their export than the richer countries.

With postulates as above instanced, the most absurd conclusions may be arrived at, and would always result, if our Protectionists did not indulge in reasoning very much on a par with their postulates. Thus, we frequently meet with the demand for Protective Duties on some special kind of goods in order that they may be manufactured at home instead of being imported, on the plea that the manufacture of the article at home would give extra profit to employers and extra wages to the employed, and that, at the same time, the duty would compel foreigners who send goods to this

country to contribute to our national expenses. That is to say, the home producer is to receive an extra profit because the goods are not imported, and the government is to receive a duty because the goods are imported. There is, of course, a possibility that half of the taxed goods would be manufactured at home and half imported; but this would only be the case if the duty were very low, and consequently of very small advantage to the protected manufacturer.

In any case, the duty would have to be borne not by the foreigner who sends his goods to us, but by the people at home who buy and consume the protected goods.

The discussions regarding the duty on cotton goods imported into India have disclosed some strange methods of reasoning. The plea for these was that the Indian Treasury required extra revenue. It soon became evident that a tax on cotton goods would not reach the Treasury, but pass into the pockets of Indian manufacturers. To prevent this an excise was laid on the coarser qualities, with the view to securing to the Indian Government the excise on such goods as were most likely to be manufactured in India, as well as the duty on such goods as were more likely to be imported. The result is, of course, that the Indian manufacturers must reduce the wages to make up for the excise duty, and thus harm the whole country. Also that the Indian import, and consequently the export, are hampered and reduced. Were it possible to tabulate the losses and extra misery which this double attack on Indian prosperity involves, we should probably find that the sum-total of them stands in proportion to the extra net revenue raised as something like one thousand to one.

While the remnant of the old Cobden school alone appears satisfied with the present system of taxing goods in India, there are two opposing parties that are not. One of them

desires to abolish the excise, and thus render the duties on cotton purely protective. The plea for this line of action is the old Protectionist one that India would profit by Protective Duties—an eventuality which we have proved to be impossible. Strange to say, this camp includes many of the Liberal Party, hitherto the upholders of Free Trade.

The other camp would abolish both the Import Duty and the cotton excise. Nothing could be more rational than their aim, but it is a pity that such feeble arguments should be resorted to when such powerful ones are available. It is too generally contended that the Cotton Duties in India should be abolished because, despite the inadequate excise, they tend to foster a vast cotton industry in India to the detriment of Lancashire. Such reasoning is based on the old fallacious supposition that the development of a free and natural industry in one country is harmful to another, and, besides, cannot fail to produce the very worst impression in India.

Both these camps are wrong in their estimate of the nature of Free Trade and Protection. Complete Free Trade and free industry in India would benefit all healthy industries in the same manner as Free Trade has benefited British industries. If the production of cotton goods should show itself an advantage to the Indian people, Free Trade alone can cause it to blossom. India would probably make a speciality of the heavier goods, supplying not only a portion of the population in India, but also many other peoples in the East, because the Indian cotton manufacturer would have the raw material near at hand, the cost of production as low as Free Trade can render it, and cheaper freight than British manufacturers could secure. Free Trade would thus accomplish exactly what the Indian Protectionists wrongly suppose Protection would accomplish.

Though Free Trade might not in any way prevent the development of the cotton industry in India, as the Lancashire manufacturers seem to believe, they would, however, reap no disadvantage from it, but profit largely, provided that the Free Trade principle were systematically adhered to throughout India. If the Indian cotton industry is the result of a rational progression and not of the artificial impoverishment of the working people, the consumption of cotton goods in India would keep pace with, nay outstrip, the Indian production. If there were prosperity in the Dependency, all the Indian industries would experience a revival, the demand for working people would grow apace, and wages in India would rise. The rise in wages would again increase the consuming power of the people, and consequently the demand for British goods of all kinds. The effect of prosperity in India would thus react on the United Kingdom not only directly, but indirectly through all the countries of the world, and cause a demand and an extra rise in the price of all British goods.

But Lancashire manufacturers will say: India is not prosperous, and it is just on the basis of the extreme poverty of the people and the extremely low wages that the Indian cotton industry will be built up, and Lancashire will therefore encounter an intense competition in the East without receiving the enormous benefit which prosperity among 400,000,000 people would involve.

This is perfectly true. But, under such circumstances, what is the course to be adopted? There is only one rational course, namely, to render the enormous population in our Eastern Possessions highly prosperous. In no part of the Empire has the British Government a better chance of bringing about that flourishing state of which history has shown Eastern Empires capable. In India there are no

electors, no political party, and hardly any vernacular press worth considering. The British Government can in these vast regions act the part of a kind Providence without fear of systematic opposition or political reactions. Measures which evidently aim at the prosperity of the native populations will not fail to strengthen our hold on the country, especially if such measures tend towards Individualism: that is to say, involving no new restrictions and prohibitions, but only new liberties.

In most people's minds there will be a doubt as to the possibility for any government to render the Indian people prosperous, all the more so as all the attempts of modern governments have failed to banish poverty from India. But if it be true in the abstract that a government cannot render a country prosperous, it is also true that a government can render a country poor. To this truth the whole civilised world bears witness. Everywhere we see growing and developing those elements which go to make up the prosperity of nations: vast new resources of raw material are being discovered, new labour-saving machines are constantly being invented, the results of scientific research are being applied to production, communications are being improved, popular education advanced, and every class is becoming more industrious, more frugal, and more thrifty. At the same time, we find almost every government—actuated by the best intentions, but labouring under economic prejudices—raising insurmountable impediments to popular prosperity.

Englishmen who travel on the Continent, even without having paid any special attention to Economy, seldom fail to notice to what a large extent fiscal, administrative, and police regulations hamper trade and industry, and how monopolies, privileges and prohibitions weigh down the working-classes. But, thanks to the absence in the United

Kingdom of the worst features of these prosperity-crushing systems, we are apt to plume ourselves on the liberality of our own institutions, and on the fact that the British Government does not, like the Continental ones, artificially produce poverty among the people.

As to India, it is generally supposed that the British Government has done its best to promote prosperity, and that what appears to be a chronic state of poverty is inseparable from the peculiarities of the races we there govern. The blame is laid on the caste system, on the religious prejudices of the people, on their want of energy, on overpopulation and on Providence. But, strange to say, the ruin-working usury system is never blamed; and yet no Englishman who has visited India with open eyes can have failed to see that the enormous rate of interest, the life-long indebtedness and the hopeless drudgery involved in the usury system are causes for poverty of the greatest magnitude. The idea, however, is that the usury system is an indispensable condition in Indian economy, and that government is powerless to cope with it.

In this case, as in many others, confusion prevails between cause and effect. The usury system in India, far from being the original evil, as it is generally regarded, is the inevitable result of a government measure. Usury is certainly indispensable in any country where the economic conditions are being reformed on the basis of the modern commercial system, and where the only mechanism through which this system can work is wanting, or else vitiated and curtailed by government interference. It should by this time be an indisputable economic fact that the usury system flourishes in a country in exact proportion to the inadequacy of its banking and credit system. In the next chapter the truth of this axiom will be amply proved. It is moreover com-

pletely confirmed by actualities all the world over. It will always be found that in countries where banking is most hampered and vitiated, there the usurer flourishes most.

In India, therefore, the government is not called upon to create an artificial prosperity, but simply to remove the obstacles it has placed in the way of that high degree of prosperity which is natural to our Indian Possessions. After realising what the extension of the Free Trade principle to the trade in capital and credit really means, no one acquainted with India will believe that the characteristics of its inhabitants would stand in the way of a development for which the Scottish people were ripe nearly two centuries ago. The fact is that the conscientiousness with which the Indian ryot pays his debts and even the debts of his father and grandfather renders him an almost ideal candidate for a cash credit account.

The difficulty of rendering India sufficiently prosperous to dispense with the Cotton Duties and to maintain it as an important customer of, but an unimportant competitor with, British manufacturers, does therefore not lie in the natural conditions of the vast Dependency but in the prejudices of Englishmen at home. India would prosper exceedingly, and Lancashire with it, as soon as our manufacturers demand from Parliament *complete* Free Trade for India.

Those who remember or who have studied the wondrous effects of the Free Trade Reform in Great Britain will not accuse us of exaggerating the likely effects of Imperial Free Trade. The two measures can hardly be compared as to their importance. The reform of 1845 was limited to our small islands, and may be said to have been of a one-sided nature, as it did not open up any closed or protected market. The bulk of the benefits arose simply from cheapened cost of production and the favourable reaction which the increased

imports into Great Britain produced abroad. The Imperial Free Trade Reform would not produce one-sided effects only, but direct and indirect effects, which would be universal, ever-growing, and reciprocal. It would throw open vast countries, containing immense natural resources, and enough rich virgin soil to form millions of splendid estates.

Besides, when the colonials have their eyes opened to the mischievous consequences of one kind of monopoly it may be confidently expected that they will not tolerate others. Free Trade in our Colonies, when it comes, is almost sure to include Free Trade in Capital, and in that case the great obstacle which has prevented us from reaping the best fruits from Free Trade at home will in the Colonies disappear simultaneously with the protective duties.

Few who have followed us so far are likely to believe that it is impossible, or even difficult, to bring about Free Trade in our Colonies. The protective system is simply a form of tyranny exercised by a group of short-sighted capitalists over the great mass of the people. They are enabled to over-ride and ruin the far more numerous unprotected employers and the whole of the working-classes by certain circumstances, of which they take full advantage. They are educated men, they dispose of much wealth, they exercise great social influence, they pull the political wires, they live together in the towns, they can easily co-operate and conspire, they own part of the press and employ a great number of people.

Their victims have none of these advantages. They live scattered over vast territories, hold little communication with each other, see few books and newspapers, have no influence, have only small means, and stand in awe of the capitalists. It is hard to say whether any of them ever put their trust in the Home Government, but if they do they have been sadly disappointed, for neither of our political

parties dreams about freeing them from the detestable bondage in which they are held. It is time that the working-classes at home came to their rescue, for there is, as we have seen, a close solidarity between all the workers of the Empire. By demanding Imperial Free Trade the British voters would not ask Parliament to coerce the Colonies, but to save them from their worst enemies. Britons have not hesitated to free the negro slave. Why should they hesitate to free our own people, the white slaves suffering in the exasperating bondage under protectionist capitalists?

The number of men who do understand the fallaciousness of protection is daily increasing in the colonies, and if our Government drew attention to the complete and powerful arguments which now can be raised against this pernicious system, the majority of the people would soon be convinced and hail with joy the proclamation of Imperial Free Trade.

We should not interfere with the freedom of the Colonies by abolishing the protective system. By forbidding the destruction of freedom, freedom is preserved. No tie would better keep the Empire together than the knowledge that wherever the Union Jack flies there no man is permitted to enslave his fellow man.

Some people hold up our loss of the United States as a warning against interfering with the fiscal laws of the Colonies, because such people are under the impression that an Imperial Free Trade policy would lose us our possessions. But they labour under a great mistake. What we did to the United States is similar to what we are doing with our colonies now. The home government wanted, before the American revolt, to impose an unjust taxation on the American colonies, and at this moment our Parliament allows the colonial manufacturers to impose an unjust

taxation on the colonies. Here we have a similar cause, and the effect is bound to be similar.

Already discontent is rife in Canada, and a party is fast forming which aspires to incorporation with the United States. How can we wonder at it? Here is a country with enormous natural resources, a people anxious to advance and prosper, but a band of selfish capitalists is allowed to keep the country back, waste its resources, destroy its capital, oppress the natural industries, and impoverish the working classes. The people, not understanding the cause of their grievances, naturally seek a way out of their troubles, and an outlet for their expensive products. They find that in the United States cost of production is higher even than with them, and, forgetting that by a union their cost of production would rise to the high level of that in the United States, they hope to benefit themselves by securing Free Trade at least with the American continent. A year of complete Free Trade, including free trade in capital, would for ever eradicate the separatist aspirations in Canada.

How many colonial protectionists would ever mention the word coercion if we addressed them in the following way?—

'You hold the opinion that it is good for yourself and your country to encourage destructive industries. This opinion is wrong, but we will ignore that fact for the moment. You also wish to give encouragement to the destructive industries in the form of an enhanced price of sale. Here again you are wrong, because by doing away with competition you would encourage bad work instead of good. But also this second fact we will ignore. You propose to charge the extra price you accord to the destructive industries on the natural and productive industries. Here you are wrong again, because the natural industries, being the bread-winners of the nation, should not be

oppressed but encouraged. But this fact also we will ignore. You propose further to levy this extra price on the natural industries by surrounding your vast country with a custom-house border to examine all goods and all travellers who come to your country and tax all foreign goods similar to those produced by the protected home manufacturer. Against this last fallacy we must protest in the name of common sense. By employing such means to accomplish your object you entirely defeat it, and all your sacrifices are useless. By collecting the tax in this manner you damage many industries in order to protect one, you cause the protected manufacturer to receive only a small portion of the bounties you intend for him and you hamper the whole production of the country.

'Allow us to call your attention to another way of granting the bounties to the pet manufacturers. Leave the trade undisturbed and your natural industries prosperous, but pay to the favoured manufacturer a premium of so much on all the goods he manufactures. This would be the height of wisdom compared with the methods you have adopted. A far less amount would be required, as the manufacturer would receive the full advantage without any of the drawbacks which beset him now. A bounty paid on one kind of goods would constitute a bounty on a whole series of goods. A bounty on yarn would be an advantage, not only to the spinner, but to the weaver, printer, etc., just as a duty is a disadvantage to them. The bounties would lessen all cost of production instead of increasing it as duties do. The bounties would not, like duties, hamper import and export, and would not lower the selling prices of the natural industries. The bounties would not be a pure loss as duties are, because the people would enjoy cheaper living for the money they pay in bounties. You would in fact have the real

benefits of Free Trade along with the imaginary ones you expect from protection.

'We do not think that any sane man can fail to see the enormous advantages which this system presents over the clumsy system you have inherited from the dark ages. If this be granted, we would suggest to you that it would not be in keeping with the ideas of a free people to compel those to contribute towards the maintenance of the destructive industries who look upon them as a nuisance. You should not compel any one to be a free trader, but on the other hand you should not compel any one to be a protectionist against his wish and conviction. You will, therefore, think it fair and reasonable that the contributions for the premiums be left free, in order that those who believe in free trade may act up to their faith as well as the protectionists. In this way you would avoid what every free nation should avoid, namely, compelling a man to do what he thinks is wrong and what cannot be proved right, and you would at the same time allow the protectionists to carry out their principles to their heart's content. Where is the coercion here?'

Such reasonable speech would certainly meet with the approval of all reasonable people in the colonies, and the unreasonable we need not heed. If it should come to forcible measures, we should not have to fight against the colonial people, but with them against a small band of manufacturers. If after all the money we have paid for the army and the navy we cannot trust them to accomplish this easy task, we certainly cannot count upon them in a war against a great military power. But even if it should come to actual war with a colony, we should either conquer or we should lose the colony. In the first case the great prosperity which would follow our victory would easily cover our outlay and soon reconcile the colony to actual liberty and progress; in the

second case we should be better off without a colony inhabited by people who are both unreasonable and disloyal. But all fear of resistance may be dismissed. Such oppression as the people of the protected colonies suffer now, will, when understood, not be patiently borne by any man of our race. The colonials themselves will take care that in the coming struggle no other arms are used than pens, and that no blood, but ink alone, is spilt.

Let, therefore, every Britisher without hesitation demand Free Trade throughout the Empire, and a responding cheer is sure to rise from their brethren all over the globe.

VI

FREE COMPETITION IN THE SUPPLY OF CAPITAL TO LABOUR

THE democratisation of the electorate has, as we have already pointed out, produced in England the same effects as in France and the United States. It has arrested the nation's advance towards individual liberty and towards a more equal distribution of wealth. Such a result from the extension of the Franchise to the masses is by no means either inevitable or natural, but entirely incidental. If any set of men is to be held responsible for so undesirable a development, it must be the party politicians. Eager to sway the electors—whom they credit with far less intelligence than they really possess—in favour of their own party, candidates and agitators are naturally tempted to use such arguments as they deem most likely to tell with the greatest number in their audiences. They suppose, and not without reason, that conclusions drawn from Political Economy and Sociology would be little appreciated and often not understood. They know that the first impulse of all who for the first time concern themselves in legislative affairs is to apply to the State the only principle of economy that has come under their notice, namely that of Domestic Economy. The politician, in quest of popularity, is therefore apt to speak of the State as though it were a huge household, and the remedies for social and economic anomalies

he suggests are of the same nature as those which he would recommend to a large farmer or to the patriarch of a tribe. He wishes to gratify the popular longing, already described, for a benevolent authority conferring upon all the inhabitants the care, kindness, and largesse of a loving father. In this manner the masses of a nation are gradually taught that the only way in which to secure prosperity for themselves is to establish a fatherly government.

As soon as the idea of a fatherly government is firmly engrafted upon the minds of the people, the field is clear for all sorts of government meddling, expedients, regulations, and arbitrary prohibitions. As soon as it is agreed that the country is to be governed on the principle of Domestic Economy, it appears natural to submit to all sorts of encroachments on individual liberty, private property, and freedom of contract.

When such a system of government is adopted, the laws and enactments are dictated by considerations of expediency, by the desire of meeting one special popular demand, regardless of the consequences which a State-interfering measure may inflict on the community as a whole, and, therefore, regardless of the laws of Political Economy. Countries, like France and America, that possess everything to render their inhabitants, especially the working-classes, highly prosperous, have, as we have seen, in obedience to popular prejudices, adopted an anti-economic system of legislation whereby their commerce is becoming ruined and their working classes are driven to desperation.

In the United Kingdom we have witnessed the same phenomenon; only the return to the old State-meddling methods of the past has taken place later and has not been characterised by such glaring economic blunders as Protection Duties, Shipping and Sugar Bounties, and currency manipulations. Yet the reaction is, perhaps, more striking with us

than with any other country, in consequence of the fact that Great Britain and Ireland, not to say the whole Empire, have from the middle of the present century derived enormous economic advantages by taking important steps towards what may be called a complete Free Trade system. The partial curtailment of the monopoly of the Bank of England which was effected by the Bank Charter Act of 1844, the repeal of the Corn Laws and other Protective Duties, and the abolition of a mass of minor trade-hampering Acts—all these reforms in the direction of freedom gave, as we have shown, an unpredecented extension to British industry, shipping, and commerce.

Despite the great benefit derived from this start in the direction of liberty, there were enough social and economic anomalies in the country to induce the nation to lend an ear to the seductive talk about fatherly government, and to cause anti-economic measures, seriously destructive to trade and commerce, to be hailed as boons to the masses. There was enough poverty, suffering, and sweating to give plausibility to the assertions of the politicians that adherence to the principles of Political Economy had not secured to the working-classes that prosperity which the Free Trade reformers had promised. In order to gain popularity for their anti-economic measures both the political parties were eager to convey the impression that somehow Political Economy was a failure, and that it had become necessary to legislate regardless of its precepts. Some politicians and writers, too wise and too prudent to deny the leading truths of Political Economy, would have the public believe that, while the adherence to its principles rendered the country richer, it did so by increasing the fortunes of the wealthy but at the expense of the poor.

The propagating of a revulsion from a sound economic

system to a patriarchal or Socialistic one was thus successful enough to cause the nation to look away from every economic remedy against its evils. During the time when the bulk of the nation, led by two great political parties, was bent more and more on State interference, it became a difficult task to draw public attention to the fact that an immense part of the sufferings of the people sprang from one piece of paternal and anti-economic legislation, namely, the Act which forbids Free Trade in Capital and Credit.

In this way the step which ought to have inaugurated the Free Trade movement in Great Britain—namely, the repeal of the Bank Charter Act of 1844—remains yet to be taken. Without rational banking for the people, the demand for more Socialism must grow and, with the political power in the hands of the suffering masses, Socialism of some kind may be confidently expected, unless it can be practically demonstrated that Individualism is capable of producing greater happiness for the working-classes than Collectivism.

That Individualism—personal freedom, private property, and freedom of contract — cannot succeed without Free Trade in Capital and Credit, and that with it Individualism will be conducive to greater prosperity for the masses than any nation ever experienced, it will be our aim in this chapter to demonstrate.

In a previous chapter it has been pointed out that civilisation and prosperity are the outcome of division of labour, that the free system of division of labour enormously exceeds the compulsory in effectiveness and capacity to confer happiness on the masses, that free division of labour can only work through exchanges, that a value-measurer is indispensable for a developed system of exchanges, that direct barter, even with the use of a value-measurer, is insufficient

for a widespread system of co-operation through exchanges, that indirect exchanges alone can be indefinitely expanded, and that media of exchange are indispensable for indirect exchanges.

It has also been shown that the precious metals have been admitted as the value-measurer because they were the most desirable media of exchange, and that the precious metals were divided into small pieces and impressed with a stamp indicating their weight and alloy, and consequently their value.

To better understand what is to follow, the reader is here warned against the use of such terms as *money* and *currency*. They should never be used in treatises and discussions on exact Political Economy or Finance, because they do not represent anything in particular, and are simply vague terms generally made to stand for many things of a widely different nature. All authors of works on Political Economy who have made use of these terms have greatly increased their own difficulties and those of their readers. Definitions are of the greatest importance in economic matters, and it is as impossible to accurately define *money* and *currency* as to define accurately the four elements. Political Economy is apt to become gibberish if no distinction be made between such different things as coin and credit and capital, which are all wrongly designated by the term *money*. Even two bank-notes, similar in appearance, may by their nature and by their effects on their markets represent two extremes, and to call them both money would be to render discussion regarding them utterly futile. In referring, therefore, to the actual value-measurer we shall invariably use the word coin.

Coin when introduced by no means became the medium of exchange of all transactions. It was far too scarce, and

its transport far too difficult and unsafe to permit of its employment in wholesale transactions between distant places, and another medium of exchange was early used—namely, Credit. Thus experience at once taught the early traders of the world what many modern economists and politicians refuse to see, namely, that coin has two functions, namely, to serve as a value-measurer and as a medium of exchange.

In olden times, as now, when one commercial house sent parcels of goods to another house in another country, or district, and was in the habit of receiving parcels of other goods in return, these shipments were calculated in coin but no coin was actually sent. The values were simply credited and debited in the books of the two transacting houses and the remittance of a balance in coin was quite an exceptional matter. In all such transactions the coin was the value-measurer, but credit was the medium of exchange.

The word credit is used here in its economic sense in which it means not so much deferred payment as transmission of ownership of values by means of printed, written, spoken or understood records.

Slight reflection will suffice to show that in order to use coin as a medium of exchange it must be present and must be handled in quantities; but to be used as a value-measurer it need only be supposed. It will, therefore, surprise nobody to learn that imaginary coins, which have never been coined, have been used extensively as value-measurers, as, for example, the old Mark Banco of Hamburg. One Mark Banco simply meant a certain quantity of fine silver, and when a parcel of goods, or a cargo, was said to be worth so many Mark Banco every one knew how much it was worth in silver. The reliability of the Hamburg Mark Banco was largely due to the fact that it was not coined; for at the time when the old bank at Hamburg was founded a great many of the

continental sovereigns carried on an extensive trade as base coiners, and, not satisfied with debasing the coin of their own State, they frequently counterfeited any coin which had secured a good circulation. The trade of Hamburg greatly benefited by being carried on by a value-measurer which was beyond the reach of the base-coining princes because it was impalpable.

Direct credit, as a medium of exchange, was however of limited application. It could only be used between people who knew and had confidence in each other. The division of labour—or to use a popular term, the business of the world—could not develop much beyond a very primitive stage with coin and direct credit as the only media of exchange. Indirect credit was, therefore, invented, and has gradually proved an invaluable factor in the economic development of humanity. How to apply it, how to use it, how to regulate it, how to extend it even among the illiterate and resourceless classes, had been for some time the great problem on the solution of which the relations between Capital and Labour and the prosperity of the working-classes has depended.

The use of indirect credit arose out of coin-lending. A. wished to buy goods from B., but had not the requisite coin, though he might have been a man of substance. A. having nothing which he wished to part with and which B. might be willing to take, it was necessary for A. to find the coin, especially if B. did not know A. sufficiently to trust him. A. therefore borrowed from C. a certain amount of coin wherewith to pay B.

As such cases, with increasing business, came to be of frequent occurrence, and as the people who were willing to lend their coin could not be expected to do so without remuneration, it became usual for the borrower to pay so

much hire for the use of the coin. In this manner the trade of the money-lender arose.

It often happened that solvent people required to borrow considerably more coin than the money-lender could get together, and, in order to facilitate business, a money-lender instead of lending his coin, lent his credit. The seller of goods, not knowing the buyer, but well aware that the money-lender had ample resources, accepted, in payment of his goods, a promise from the money-lender to pay the seller at a certain date. When the money-lender gave his promise to pay in writing, the seller could use the document for the payment of his own debts wherever the money-lender's position was known. In this way the trade in indirect credit arose, and the people who carried it on were called bankers.

The employment of indirect credit as a medium of exchange was an indispensable condition for the development of business, because it could be resorted to with the greatest facility and to any extent. Such was not the case with coin. This medium of exchange was handy and useful in small transactions, but the inconveniences it involved grew with the importance of the transactions in which it was used. It required careful weighing and counting, and, as it was often worn and debased, even moderate payments in coin became a troublesome matter.

Though these inconveniences of coin-payments were among the most potent causes of the development of banking, they were very far from being the chief obstacles to the use of coin in large transactions. There was another obstacle—not realised at the time and seldom realised by statesmen and economists nowadays—which no amount of care and labour could have overcome, namely, the impossibility of circulating in any market any single coin above the quantity which is natural to that market.

What amount of coin is natural to a market—that is to say, a country, a town, a district, within which business is carried on—is impossible to determine in figures, because it varies constantly with the varying conditions of the market. The circulating coin-mass may vary very little, but certain it is that each market has always as much coin as it can carry, not more and not less. This fact is now an economic axiom which no logical economist of the future will dispute. Like all economic laws, it does not cover unnatural situations and consequences of violence, but invariably holds good under normal circumstances.

An example may render this clear. Let us suppose that the usual amount of coin circulating in a business district is, say, £10,000. The ordinary business of the district will not cause any appreciable variation in this amount, which remains almost the same so long as no change in the condition of the market occurs. Should, however, new mineral resources be discovered within that market, or should some active people settle there, bringing outside capital with them, or should the population suddenly increase by immigration, there would be an increase in the quantity of the circulating coin, so long as these new causes of greater activity continue.

But were a great treasure of gold coin suddenly discovered, or were coin imported into the district in the shape of a large loan, the conditions of the market would not be normal, and the circulating quantity of coin would momentarily exceed that which is natural to the market. But from the moment the discovered or newly-imported coin begins to circulate, it also begins to quit the market, and will continue to do so, until the amount of the circulating coin has been reduced to that which is normal to the market. After such a violent introduction of coin, and after the redressing of the balance, the market may be able

to hold either more or less coin, or exactly the same quantity as before, according to the effect the imported coin has had on the condition of the market. As a rule, the coin-holding capacity of the market, after such a transaction, is less, and this for reasons which will be explained later on.

The capacity of a market to hold coin does not vary by far in the same proportion as its business activity. In a quiet country, with few and poor inhabitants, selling and buying little from each other and deprived of banks, the total amount of business may not be large compared with the amount of circulating coin. But, as we proceed to busier markets, we find that the quantity of business transacted grows rapidly while the amount of the circulating coin grows slowly. In other words, a large increase in the business of a market only causes a small increase in the circulating coin, so that, the busier a market is, the smaller is the amount of circulating coin in proportion to the business transacted.

Thus, for instance, while a sluggish little village may have a coin-circulation which is equal to, or larger than, its daily business, a large manufacturing town clears about 15 °/₀ of its business with coin, while in the city of London only 1½ °/₀ of the daily business is cleared by coin. The conclusion to be drawn from these facts is that, though the conditions of a market, such as size, wealth, and activity, determine the circulating quantity of coin, this quantity is always small and is in proportion to the transacted business, and always smallest in the largest, wealthiest and most active markets.

The large proportion of business which, in an active market, is not cleared by coin is cleared by credit and banking. If, now, it be a fact that each market has as much coin as it can carry, and that, consequently, it is

impossible to increase the circulating coin in a market, it should be evident that banking becomes the indispensable medium of exchange wherever business activity is to exceed a primitive stage. In order to better grasp this fact, it may be useful to give here a brief illustration of how that economic law which compels each market, at all times, to have as much coin as it can carry, prevents any permanent disturbance of the level of the gold supply in the world's markets.

Let us suppose, for example, that a country, say Spain, has a government better equipped in political intrigue than in political economy—as many States have nowadays—and that this government has taken it into its head that there is not enough circulating coin in Spain, and therefore resolved to raise a loan in England of five million pounds sterling in order to supply the Spanish markets with coin. When the loan has been obtained, the remittance to Spain might be made in two ways: the whole amount might be remitted in drafts, or it might be shipped in actual gold. We will suppose that the Spanish government was bent on having the actual gold, say for coinage.

The forcible removal of five millions of gold from London to Madrid would produce certain effects on the English market, and certain effects on the Spanish market.

Let us first consider the effects on the English market. The only store from which the five million pounds could be had is the Bank of England. If there were other stores, it would not make much difference, as such would have to be replenished from the Bank of England vaults. The reduction of that bank's gold-stock by five million pounds would, under normal circumstances, cause the Bank to somewhat raise the Bank Rate, and would generally inspire all the financiers in the English market with the desire to lessen

their liabilities and to increase their reserves. In other words, the lessened gold-stock in England would increase the value of gold in the eyes of all the British business men, and they would take measures to have more of it, in case of greater need. All the banks would restrict their lending and discounting, loans would be refused and balances called in.

The merchants and the manufacturers of the country would experience what they would call a scarcity of money, orders would be cancelled, and all sellers with large stocks would be compelled to lower their prices in order to realise and obtain funds. Prices of goods would thus become cheap in England, and import from all other countries would be discouraged. The low prices of British goods would encourage export, and more British goods would leave the country; the payment of such goods, taken by foreign countries, would cause a general demand for gold abroad in order to pay for the goods exported from the United Kingdom.

Let us now examine the effect of the five million pounds imported into Spain. The gold would be used by the Spanish government either for payments in Spain, or it would be handed over to the Spanish banks. Leaving out the incident of paper-currency, which does not affect the problem before us, we may be sure that the banks would, after receiving this extra supply of gold, grant more credits and thus circulate the gold all over the country. Its presence would encourage the Spanish people to extend all their business operations. There would be in Spain a greater demand for labourers and raw materials. A larger production, as well as a larger consumption, would cause a general rise in prices. This rise would render all goods produced in Spain dearer and lessen the export of Spanish

goods. Especially less would go to England, because there, as we have seen, all import had been discouraged. The high prices in Spain would encourage import of foreign goods into that country, especially British goods, as export from the United Kingdom had been encouraged by low prices. This would leave a trade-balance in favour of Great Britain, for the payment of which the imported five million pounds would leave Spain and again return to Great Britain.

The gold-balance which was disturbed by the forcible export of five million pounds would thus again be re-established, and Spain would have five million pounds more debts, but not a *real* more gold than before. The chances are, on the contrary, that the feverish consumption, the reaction from the artificial inflation and the diminished export, would have caused an extra reduction in their normal coin circulation, leaving Spain with less gold than she had before borrowing the five millions.

The leading features of the phenomenon have been given here. In reality, of course, it would be complicated by many circumstances, such as, for example, the trade with other countries, but the result of such a transaction would always be as here described.

Each of the numerous loans, granted by the United Kingdom, has resulted in the same maintenance of the gold level. As a rule, however, coin shipment is not resorted to. It is generally found cheaper to remit the granted loan in drafts. In that case not only the rise in the price of goods in the borrowing country, but the rise in the price of English gold, pound sterling (that is, the rise in the rate of exchange on London), directly encourages an increase in the import of the borrowing country from the lending one, and what was intended to be a remittance of coin at once takes the form of a shipment of goods.

How impossible it is to increase the circulating coin in a market is illustrated by many other transactions and financial incidents other than international loans. But one more may be here given, drawn from experiments with paper-money. In order to understand it clearly, it should be borne in mind that notes, issued by a government enjoying good credit, and officially recognised as legal tenders, are representatives of coin and affect the market in the same manner as coin.

Many countries, whose government has laboured under the very strange delusion that the quantity of the circulating coin is not sufficient for the nation's business, or which have to face large expenditure without any metallic resources, have undergone the infliction of an inflated paper-currency. The universal experience, on such occasions, has been that the notes issued by the government do not increase by one single unit the legal tenders. Each issue simply drives out of the country a corresponding quantity of gold, and the remaining gold, *plus* the new notes, represents exactly the same quantity of legal tenders as the gold represented before. If the issuing of government notes continues, after all the gold has been driven out of the country, and the credit of the government is good enough to prevent any abnormal depreciation in the notes, the notes will fall in value in exactly the same proportion as they exceed the gold they have superseded. The country has, therefore, more notes, but they represent exactly the same amount of legal tenders as did the original quantity of gold.

The impossibility of disturbing the world's coin-level (government legal-tender notes counted as coin) has been insisted upon here, because, when recognised, the introduction of rational banking in the United Kingdom is not far off; and also because foreign States and our Colonies are constantly inflicting untold economic and financial troubles

on themselves by not realising this economic axiom. When they are short of capital, and when they have vitiated the mechanism of their credit, so as to render it useless, the cry is that they have not enough 'money,' and, in order to get more 'money,' they try to borrow coin in England, but get only goods. The United States, committing the same error, are under the constant delusion that they have not enough 'currency.' They dilute their 'currency' in all sorts of ways, and then they get alarmed when their gold leaves for Europe in the same proportion. There is, therefore, hardly any economic mistake more common nowadays, and hardly any more pregnant with misery and suffering to the working-classes than the one which has been here exposed.

It will now be clear that the supply of Indirect Credit, or banking, is absolutely necessary in an industrial country, as only an extremely limited amount of commercial and industrial activity can be attained to with coin as the only medium of exchange.

Unfortunately, the true mission of banking—the clearing of business without the use of coin—was either not understood, or else very little considered, when the banking systems of the world were inaugurated.

Modern banks did not come out fully equipped from the head of any genius, as did Minerva from the head of Jupiter, but are the last links of a long chain of evolution. All improvements in banking methods have been gradual, and achieved with the narrow purpose of saving work, time, and salaries, and of increasing the banker's profits. The great services English banks render in clearing, and therefore permitting an enormous volume of business, is not the result of a pre-conceived scheme, but simply an incident in a development urged on by circumstances and necessities. Even quite modern treatises on banking start with the quaint

information that banks are 'institutions for the warehousing and dealing in money.'

The bank legislation which exists to this day in every civilised country bears ample witness that the true mission and full importance of banking have nowhere been understood. In many countries, as in England, large central banks were, generations ago, established under government control, and generally as much with the object of helping government out of some financial distress as of benefiting the commerce of the country.

The evil effects which government interference with banking has produced on trade and industry all the world over have never been estimated and hardly thought of, and this because there has been no opportunity of comparison. The few examples of real freedom in banking which experience affords, though strikingly satisfactory, date from times when trade and industry were in their infancy, and when economic progress was effectually obstructed by a host of unfavourable circumstances. Besides, the total absence of all knowledge of the economic laws which underlie banking caused people to attribute these marvellous results which such freedom produced to other causes. Then, as now, the unfortunate idea prevailed among the masses, as well as among leading politicians and financiers, that government interference and control could not possibly inflict injury on any institution, but were bound to produce beneficial effects wherever applied. Thus the abolition of Free Trade in Banking in Scotland and Switzerland was tacitly accepted as an improvement.

It thus has come about that the elaborate legislation, avowedly introduced in order to benefit and encourage trade and industry, and thereby increase the prosperity of the masses, has actually constituted insurmountable obstacles to the economic progress of the country, and is the irresistible

cause of financial troubles, ruinous stagnation, and untold misery among the masses.

The British people who, of all nations, have shown the greatest aptitude for Political Economy, and who in twenty-five years increased their trade by six hundred per cent., by legislating to a small extent in harmony with the economic laws, have patiently until now submitted, like other nations, to the manifold evils inseparable from an inadequate banking organisation. Our own nation knows enough about the subject to pity the Russian peasant's systematic ruin by the paper-rouble system and the 'village-eater'; to sympathise with the Italians struggling against the evils of a debased currency and corrupt banks; to grumble at our Colonies for stopping trade by means of bank crises; to curse the Argentine Republic for creating financial dilemmas through their mistakes in banking; and to laugh at our American cousins for pouring their gold, their capital, their prosperity, into their currency-sieve, in the hope of accomplishing the impossible. We see the motes in our neighbour's eye, but we fail to see the beam in our own.

The reason of this is that our banking system has, along with its great hidden defects, certain conspicuous advantages. The fact that Sir Robert Peel's Bank Charter Act of 1844 has accomplished one object which has been drummed into the ears of the British public as one of overwhelming importance is, at this moment, the main consideration of those financiers who still cling to Sir Robert Peel's colossal blunder. This one object was a stable 'currency.' That such a desideratum should be made to go before every other consideration may be excusable in view of all the 'currency' miseries prevalent in many other countries. Despite this, the anxiety about the stolidity of the 'currency' must always to the logical mind appear intensely ridiculous, simply because

there is no such thing as 'currency,' and if we choose to call gold 'currency,' government could not find any better way of keeping it stable than by leaving it alone; or, if the government is entrusted with the coinage, of carrying it out as fairly and honestly as has been done during the last half century. To allow a certain quantity of gold to represent the same quantity of gold is the wonderful secret of keeping the 'currency' stable! All that can be said, then, in defence of Peel's Bank Act is that, while it produces an untold amount of evil in the country, there are still some evils that it has not produced.

A glance at the consequences of the Bank Act will make this clear. The leading feature of the Act is practically to give to the Bank of England the monopoly of note-issuing in this country. It did not deprive those country banks of their issuing right, which in 1844 had an established note-circulation. But it bound them down not to increase their circulation, and prohibited any other bank or firm from issuing notes. At the same time the note-issuing of the Bank of England was divided into two classes, though the same form of some notes is used for both, namely the fiduciary notes and those issued against gold deposits. The former may not exceed £14,000,000, the amount of the debt of the State to the Bank, while the latter may be issued to any amount, provided gold is deposited in a corresponding amount in the Bank.

In view of the truth that notes issued against deposits of gold are simply gold-warrants, the fact remains that the note-circulation of the country is to-day slightly less than it was in 1844, when the business of the country was about one-sixth of what it is now, which shows how drastic were the measures which Sir Robert Peel took to protect the stability of the 'currency'! One of the arbitrary, motive-

less regulations of the Bank Act is the prohibition of notes in the country under £5. Consequently the working-classes, and the wage-paying industries, are precluded from using notes. This wonderful enactment at once raises, or ought to raise, the questions: If notes are harmful, why allow them at all, and if they are useful, why not allow the working-classes to benefit from them? The reply must be left to the defenders of the Bank Act, if there are any.

Let us now see what are the effects on trade and industry of such thoughtless regulations.

Such banks as issued notes before 1844 and continue to issue them now, finding their development in this direction completely cut off by the limitation of their issue, and that their markets were unable to absorb even the permitted amount of issue in the shape of notes of such large amounts as £5 and £10, had with the view to development only one course open to them, namely, to develop as deposit banks. All the large and small banks started after 1844 are deposit banks. Consequently it is correct to say that all English banks—with the exception of small co-operative establishments, called Friends of Labour Aid Societies, and pawnbrokers—are deposit banks.

To understand the effect of this state of things, it should be known that all banking may be classed under two headings —deposit banking and distributing banking. The former consists in collecting capital wherever it may be found, and making it fructify as much as possible; the latter consists in distributing capital in districts where it is most needed, and among people who can best use it and who are most willing to pay for its use. All deposit-banks naturally do some distributing business, and all distributing-banks do some deposit business. But whether a bank is to be classed as a deposit-bank, or as a distributing-bank, depends on

whether it makes the deposits, or distributing, its main business and the chief source of its profits.

All English banks are deposit-banks, because to obtain deposits is their first care and the indispensable condition for profit. As to the employment of the collected capital, the Directors' duty towards the depositors and towards the shareholders, if any, is to consider safe investment in the first place. Whether the capital is employed in the bank's market, or outside it, what use it is put to when invested, whether those who use it are consumers or producers, etc., are to the manager of a deposit-bank quite secondary considerations. It is his duty to look to security in the first place, and he may, if he choose, disregard all other considerations.

For a manager of a deposit-bank to ascertain that the investments he has selected are safe, means that he has made sure that they are readily realisable. A deposit-bank employs in its business capital deposited by its clients to such an extent as to leave the capital of the bank only a fraction of the amounts handled. The greater part of these deposits have been made on the understanding that they may be retired by the depositor at short notice, or at any time he chooses. Deposit-banks are, therefore, under an obligation which hardly any of them could fulfil, namely, to repay on demand the full amount deposited with them. As a matter of fact, the banker knows that only a certain portion of the deposits will be demanded every day, and all he has to do is to provide what experience has taught him is required daily. The fact that the bank meets all the demands made every day, that it boldly pretends to be able to pay everything, and that the clients know that, though the bank might not be able to pay everybody in one day, it will finally pay all its debts if ever put to the test, is sufficient to inspire public confidence in the establishment.

Any day a deposit banker may be called upon to repay more of the capital entrusted to him than his liquid reserve can cover, and, in such cases, it is imperative that he should be able to realise securities, or call in loans, with the smallest possible loss of time. Any failure to pay even the smallest percentage of the demands made upon him would produce a general run, which might be disastrous to the future of the bank. The realisability of his securities is, therefore, a consideration of the first magnitude with a deposit banker.

A capital-distributing banker is influenced by utterly different, if not quite opposite, considerations. As we have no distributing-banks in England, it will be necessary, for the sake of clearness, to instance such as have existed, or as now exist in other countries.

Experience has supplied us with two types of distributing-banks, whose methods to the superficial observer may appear widely different, but which nevertheless benefit the public in the same manner: namely, the Scottish banks before 1844, more especially the small branch offices; and the French *banquiers*.

The difference between the old Scottish methods and those of the French *banquier* lies chiefly in the credit-instruments used. Banking mechanism in general consists of account-books kept at the office of the bank and of some kind of credit-instrument circulating among the public. Thus the circulating credit-instrument used by English banks is the cheque, by the Scottish banks the note, and by the *banquiers* the draft. The note of the Scottish banker, and the draft discounted by the French *banquiers*, are apparently widely different, but it will be easy to show that their beneficial effects are due to the same economic laws.

To arrive at a good circulation is the object of a bank of the old Scottish type, that is, an unsupervised note-issuing

bank; and this not only on account of the cheapness of the credit thus created, but because in the market most likely to be selected for such a bank—namely, a poor district—there would hardly be any other way of creating credit at all. In order to arrive at a circulation of notes on which no State prestige has been conferred, and which consequently remain private, local credit-instruments, the issuing banker must adopt certain methods, without which none of his notes will circulate at all. He must fulfil the following six conditions, which are here numbered, in order to facilitate reference to them:

1. *He must circulate his notes only in his own market—in the district where his bank is known.*—For if he makes payment with them or lends them in other parts of the country, they will be returned immediately upon him for gold-payment by some clearing-house, or some other bank, and he will have lost his gold without having succeeded in circulating his notes.

2. *He must lend his notes only to people who stand in need of credit and are willing and able to pay for it.*—If he were to buy goods for them, pay debts with them, or even to give them away, they would immediately be presented for payment, as they would have caused an extra consumption in the bank's market which would have to be replaced by imports from other districts where the notes would not be known, and where the gold, taken from the issuing bank, would have to be sent.

3. *He must lend his notes only to producers or business men connected with production.*—Were he to lend his notes to consumers or people who in other ways destroy capital, the above-mentioned phenomena would again take place—increased consumption, importation of goods, and exportation of the banker's gold.

4. *He must lend his notes only to such producers as work their business at a profit to themselves.*—Were he to lend his notes to people carrying on a spurious or losing production, that is people who consume more than they produce, he would obtain the same unsatisfactory result as if he had lent them to consumers: for an unsuccessful producer is an actual consumer of capital.

5. *He must not issue more notes than are useful to the production in his district.*—If he over-issues he over-stimulates his market, causes abnormal demand for the raw materials and labour of the district, and consequently a rise in the cost of production. This rise will diminish the export of products and encourage imports and cause a trade-balance against the district, to pay which the banker's notes will be presented for gold or for drafts on other districts, which to the banker is the same. Attempts at over-issue will, therefore, diminish, not increase, his circulation, and at the same time diminish his profits, and augment his losses and his risks.

6. *He should be guided in his issuing by the state of his metallic cash.*—When he finds that his notes come back daily for payment in gold in larger quantities than he issues them, he knows that the utmost limit of his circulation has been reached, and that he cannot extend his note-issuing any further until his market has expanded and improved. Such improvement will be manifest in the increase of his metallic cash.

It will be seen at a glance that these conditions for a successful note-issuing business do not emanate from any authority, but are the natural outcome of the force of circumstances. There is nothing to compel a free note-issuing banker to observe them except his self-interest. He may disregard them all, or only one of them, but in any of

these cases he will not have a circulation, will have only small profits, and probably many losses.

While, therefore, the deposit-banker looks for the wealthiest customers and the securities most easily realisable in the open market, the issuing-banker must look for clients who are poor enough to appreciate a moderate credit and willing to work their business with the banker's notes. Such clients as are indispensable to the issuing-banker are generally far from being rich; many of them may possess nothing at all. While the deposit-bank can be started only in a district which is sufficiently developed to afford a certain amount of deposits, an issuing bank can best flourish in a poor district, so long as there are natural resources and people willing to work. While a deposit bank must endeavour to oblige its richest clients in the first place, regardless of everything else, the issuing bank must select able, thrifty, and honest people with but little regard to their resources. While a deposit bank opens banking accounts for its clients after they have paid in a certain amount of capital, an issuing bank opens cash credit accounts for its clients without any payment at all, as a pure credit. While a deposit-bank must and can demand first-class securities, an issuing-bank must be satisfied with quasi-moral securities, such as the guarantee of two or more guarantors. While a deposit-bank has only a secondary and indirect interest in the district around it, the solidarity between the issuing banker and his market is complete, and his business can only flourish if the neighbourhood flourishes.

These contrasts, which will be borne out by all bankers experienced in the two branches, suffice to show how difficult, if not impossible, it would be for a deposit bank of the ordinary English type to render the industrial classes such direct and powerful assistance as the issuing bank, issuing

notes in such amounts as are most suitable to wage-paying trades.

Without the notes such capital-distributing banking would not only be without any commercial *raison d'être*, but would probably incur expenses far beyond their profits. Besides, a bank without unsupervised notes would lack the most essential condition for capital-distributing methods, namely, the close and reliable control over its market and his clients, without which the bank would work in the dark and might be utterly misled or deceived.

The other type of distributing-banking with which experience has supplied us, namely, the French *banquier*, calls for but a brief description. The expression 'French *banquier*' is used here because these methods seem to have arisen in France, though they have now spread to all the neighbouring States of that country. The *banquier*, like others, is by law prohibited from issuing notes, and the credit-instruments he chiefly uses are the drafts of his clients. It is usual in France for business people to draw drafts on such of their clients as buy goods from them at shorter or longer terms. The business of the *banquier* consists in discounting these drafts, charging interest and a commission.

When a producer or a merchant has during the day sent off twenty parcels of goods and twenty invoices, he draws twenty drafts on the buyers. These he takes at once to the *banquier*, to whose order they are made out, and who discounts them unaccepted. The *banquier* makes out a statement, showing the amount of the drafts, less the discount for the time they have to run, the possible exchange differences for remote places, and $\frac{1}{8}$ to $\frac{1}{4}$ °/₀ commission. The nett amount of this statement is credited to the account of his client under the date of the transaction, and the client is allowed to draw cash against it as he requires.

A little reflection will now show that the *banquier* is placed in a similar position to that of an issuing banker. The clients he must seek are not the rich, not the consumers, not the speculators, not the company promoters, not the jobbers, not the sharebrokers, not the money-lenders, not the high officials and other non-productive people. The clients he alone can make a profit from are such men and firms as make use of the raw materials and working power of the district for the production of some kind of goods, and who sell such goods in other districts. The drafts he receives from such clients being payable outside his own market, he at once remits to bankers in such places where they are payable. These at once credit him with the amounts and keep returning to him drafts drawn on his district from other places. These drafts he collects and thus obtains the necessary cash for his own clients. If he works with a small capital he may send heavy and large drafts to larger bankers in some more central place, who will allow him to draw at sight on himself or on Paris. The banker in the central place might send the largest drafts to be discounted by a Parisian banker. These again might discount them in the Bank of France, as at this stage the drafts would bear five signatures, three of them being those of bankers.

It will be seen from this that the *banquier* who first discounts the drafts can attain to a very large turn-over with but a moderate capital, so long as he discounts drafts drawn in other places than his own. Were he to discount the promissory notes of rich consumers in his own place, or accommodation drafts got up between his own clients perhaps payable in his own bank, he would have no pretext for sending away or re-discounting such documents, but have to keep them in his portfolio until maturity, and lose the use of his capital during all the time such bills have to run.

The issuing bankers and the *banquiers* both render an immense service to their country, inasmuch as they provide capital, and constantly renew the capital, to those people who by a natural evolution, in virtue of the law of the survival of the fittest, prove themselves most capable of using it, with the best possible results for the country—to those who utilise the natural resources and who provide labour for the workers, and this with the smallest possible regard to the property qualifications of their clients. The service capital-distributing banks render to the country where they operate is the establishment of an intimate connection and a harmonious co-operation between Capital and Labour.

Our deposit banks, though useful and indispensable within their spheres, do not fulfil this mission: for the effect of their activity—unsupported as it is by capital-distributing banks—is a severance of Capital and Labour. The branches of the county banks collect capital wherever it can be found and send it to the head office. The head office again sends such parts of it, for which they cannot find in their own locality such investments as they require, to London. The result is that London suffers frequently from a plethora of capital, which often lasts until a period of unhealthy inflation sets in. When a 'boom' is on, an immense amount of capital is invested in hazardous foreign undertakings, or in bad companies, where the bulk of it is frequently lost. Of late years the losses of such investments must be counted by hundreds of millions, and the effects are felt by every human being in the country, not to say by the whole civilised world: for the colossal amount of wealth that is thus thrown away ought to have formed the basis for more work, for more production, more profits, and more consumption.

For want of a proper connecting mechanism, in the shape

of capital-distributing banks, British manufacturers and other producers, who are not capitalists, struggle under great financial difficulties in order to compete with foreigners who are liberally supplied by their *banquiers*. They have to buy from the last link in a chain of middle-men and sell to the first link in another chain of middle-men. They have to limit their production to what they can produce by their own means and what they can scrape together, often on usurious terms. Obliged to recoup themselves by reducing the wages of their workers, they have to fall back on the sweating system, which is gradually invading even our great industries.

While the interest in the city is hardly 1 °/₀ per annum, millions of be-sweated workers in the country must, for want of the small amount of capital and the financial organisation required to put their industries on a sound economic footing, submit to the terrible tyranny of the middle-man—that indispensable factor in every country where rational banking is prohibited.

Such are some of the effects of the severance of Capital and Labour which a onesided system of banking like our own is bound to produce. Our banks and bankers are not to blame, because it is not in their power to carry on a capital-distributing business so long as the indispensable media of exchange for such a system are prohibited by Act of Parliament.

Besides the miseries produced by the severance of Capital and Labour, the Bank Act of 1844 produces poverty and stagnation in another not less potent fashion. By prohibiting small credit instruments, capable of being used in the productive trades, and free to multiply according to the expansion of trade, agriculture and other industries are limited to that amount of business which can be worked by coin alone

as a medium of exchange. The cheque is a good credit instrument as far as it goes. It is all that the financial world, the wholesale trades, and the upper classes require. But it is of a far too limited application to be of any essential use to the masses of the people. Wages cannot be paid in cheques, small producers and tradesmen who cannot afford to have a banking account cannot pay in cheques, the whole of the distributing trade and all business connected with the working-classes must be carried on without cheques.

To understand what this means to the working classes of the United Kingdom, it is only needful to recall what has been said in the early part of this chapter about the impossibility of disturbing the level of the world's coin supply.

When we know that every development of business, every rise in wages, every increase in the number of the employed, demands a proportionate increase in the media of exchange; also that the law of England forbids the use of any other popular medium of exchange than coin, and finally, that an inexorable economic law prevents the increase of the coin circulating in a country—when we know all this, what conclusion must we draw?

Every one, who can reason at all, must draw the conclusion that the production of the wage-paying trades, the wages, and the number of the employed, must be reduced to such quantities as are compatible with the quantity of the circulating coin, or that if industry expands, and the population increases, the greater number of workers, and the increased amount of work must be paid by the same amount of cash as existed prior to the expansion, and that, consequently, work must be paid less, and each worker receive lower wages.

The truth of this conclusion will be acknowledged, even by those who have never given any attention to economic

questions. But such abstract reasoning will probably not satisfy practical minds as to the necessity of changing our system. It will, therefore, be necessary to show how the confirmation of the above conclusions may be found in actualities.

It should at once be acknowledged that, however insufficient the circulating coin is for the requirements of a healthy industry, there is never any difficulty in obtaining it for those who have sufficient capital and credit. When, therefore, an extra supply of coin is wanted in a country, it can always be had momentarily either by increasing the quantity of coin usually received, or by diminishing the quantity usually sent away. But what are the effects on the country?

Coin determines the value of all other goods by its quantitative presence in a market. The circulating quantity of the coin cannot, therefore, be increased without producing a corresponding rise in the prices of all other goods. The effect might spread slowly in a country like India, or it might spread quickly in a country like England. But it is always there, and it always spreads.

To make this clearer, the case of a gold-mining country may be instanced. Round the gold mine, the district where the gold makes its first appearance, it is cheaper than in any other part of the world. To state this is equivalent to stating that all other goods are dearer near the gold mine than anywhere else. Were it not so, the gold would remain in the neighbourhood of the mine, for it is only spread all over the world because it affords a benefit each time it is exchanged. Like all other goods, it quits the places where it is cheap, and seeks the places where it is dear, until something like that universal level is established which commerce tends to maintain.

If the gold, instead of being brought out of the earth, be

brought from other districts or other countries, the effect is exactly the same. The old proportion between the quantity of gold and the quantity of goods is disturbed, and gold goes down in value in that place—a fact generally expressed by the statement that other goods go up in value.

Then we have again the phenomenon, already described in this chapter, of diminished export, increased import, and the return of the gold whence it came, either directly, or by circuitous roads.

It will, therefore, be plain that any attempt to increase the circulating coin by importation of gold is only momentarily successful, and that the results are such as to deprive all producers of their profits. The disappearance of profits tends to diminished activity, to reduced wages, and to the dismissal of working men.

When manufacturers and other employers find by experience that every attempt to expand their business leads to loss of profit, they resign themselves to a dull business. Competition and the desire of employers to do as much business as possible keep, however, the activity of the country at that point where the high cost of production—which the employment of metallic coin involves—allows of just a living profit. On the other hand, the employers, in order to live at all, take advantage of the bad state of the labour market to obtain their labourers at a sheer living wage. In this manner, by our deplorable folly of attempting to carry on a large industry with the worst possible medium of exchange—gold—we maintain a chronic depression, which is bound gradually to grow as the population increases and the consuming power of the masses dwindles.

In order the better to understand our economic troubles, let us suppose that some sudden cause—the adoption of complete Free Trade in the United States, for example—gave a

powerful impulse to the expansion of our trade, and let us see what would happen under the present system in the present stage of our development. The intensified demand for goods would induce all our manufacturers to increase their production. They would require the assistance of every unemployed man, and a mass of raw material, machinery, fuel, extended transports. They would require to increase their expenses in every way. They could not launch out in this manner except by using a far larger quantity of media of exchange. If the impulse for brisk trade were strong enough, even wages would rise considerably, and the working classes would require more media of exchange. No suitable notes being allowed, everybody would have to fall back on coin. Where would the coin come from?

It would certainly not come from abroad, so long as the 'boom' continued, because the extra demand for provisions and raw materials would turn the foreign rates of exchange dead against the importation of gold, until the export of manufactured goods had assumed large proportions. The gold could, at the beginning of the 'boom,' only come from the Bank of England, but as soon as a few millions had left the coffers of the bank to assist trade in the provinces, the bank would have to raise its rate of discount to prevent the rest of the gold from quitting its vaults. If the rising prosperity continued, the bank would have to go on raising its rate even to panic-point. A high bank rate means the curtailing of advances, refusal of loans, calling in of balances, destruction of credit, financial difficulties for thousands of firms, numerous failures, the ruin of merchants and manufacturers, and, perhaps, a bank panic.

In this way our want of rational media of exchange ever threatens to turn every budding of prosperous times into a dangerous panic, and we have no other choice than to seek

refuge in chronic stagnation, as we have done for the last twenty years.

When we realise the awful consequences of the prohibition of rational banking, we necessarily wonder why every civilised nation at this moment submits to a system which brings misfortune to so many and disadvantages to every one of its citizens. The reason is twofold. The evils of State-vitiated banking systems have never been attributed to their true cause. They have been attributed to many others, such as the fall of Adam, the weakness and wickedness of man, the greed of the upper classes, the desire of politicians to keep the masses under effective control, Individualist institutions, the inexcusable necessity for humanity to pass through more or less painful evolutions—all causes more plausible in the eyes of the masses than those which exact economy reveals. Then again the remedy—to leave banking free to regulate itself according to demand—has ever been looked upon as utter madness. This view is natural and pardonable enough, when it is considered that the difference between free credit instruments and paper money has never until within the last few years been properly understood. The enormous evils which civilised countries have suffered from paper money have invariably been attributed to too much freedom in note issuing; and any proposition to render that form of banking free has been looked upon as a plan to swamp the country with valueless paper money and to dilute the *currency*.

Even to-day the idea of Free Trade in Banking and Credit appears to the great majority so preposterous, that the few leading politicians and financiers who have mastered the question deem it still unripe for practical legislation. They deem it useless to speak publicly in favour of the true remedy against the bulk of our economic and social anomalies, namely

the repeal of the Bank Act of 1844, or at least that part of it which prohibits suitable media of exchange for the productive trades.

The apprehended dangers are: firstly, over-issue, consequently inflation with all its deplorable reactions; and secondly, loss to the people by dishonoured notes.

After having considered the already mentioned six conditions which the force of circumstances, or, in other words, the laws of Political Economy, enforce upon the issuing banker, no one will believe it easy to defraud the public by the issuing of unsupervised notes. For anybody to accept as payment notes issued by an unknown bank, would, under a free system, be as much out of the question as to take the I.O.U. of an unknown man. Many people are now cheated by cheques, simply because the possession of a cheque-book of a good bank inspires a certain amount of confidence. But should any one offer bank notes issued by himself, or by an unknown bank, such an action would inspire at least as much suspicion as the cheque-book inspires confidence. Swindlers would never undertake the difficult task of swindling with notes when cheques, I.O.U.'s, and promissory notes offer such far greater facilities.

The fear that a banker, in possession of a certain amount of credit, might use it in order to over-issue, and thus willingly or unwillingly cause the public a loss, is entirely without any reasonable foundation. We have seen that an issuing banker can circulate his notes only by lending them liberally to successful producers. Against the notes he issues he receives no gold, but securities which, for the most part, are not realisable or even portable. A banker, who is bent on defrauding the public, would therefore not seek to develop his circulation which gives him no gold, and which, moreover, is limited to the small amount of notes which his

market can hold. He would naturally lay himself out to receive deposits, a form of banking which may be carried on to any extent, and to which neither the laws of economy nor the wisdom of Parliament place any limits.

Experience has shown that if a bank carries on a note-issuing business alongside of a deposit business, the former exercises a sobering influence on the latter; the note-issue causes the imprudent banker any amount of inconvenience as soon as he embarks on the swindling tack, and is likely to pull him up long before his position has become desperate.

The Scotch banks tried hard, during the first fifty years of their freedom, to over-issue and inflate their markets, but they were always forced back within those lines of moderation which the free play of the economic laws determined. The Scotch bankers knew no theories, they had acquired all their methods from experience, sometimes dearly bought. Nowadays, with the economic laws which underlie banking completely explained before him, no banker would ever commit any of those mistakes in which the Scotch banks persisted during fifty years. The absence of bank failures in Scotland during the free period cannot, therefore, be ascribed, with some writers, to the financial ability of the nation, but was, and will ever be, the natural outcome of liberty.

The proofs, showing to the complete satisfaction of any logical mind that the free and unsupervised issue of private banks involves no danger to the public, may be summed up as follows:—Free notes are safe because, in order to circulate them, the banker must trust the public with a far larger amount of capital (in the shape of cash credit accounts) than the most successful note circulation would represent. While, therefore, our deposit banking system means trusting the banks on the part of the people, free note-issuing means trusting the people on the part of the banks. Consequently

a deposit bank may be dangerous to the public, while a free note-issuing bank cannot be dangerous to the public but only to itself.

It should be noted that every single example of over-issue and failures of note-issuing banks, quoted by the advocates of monopoly, has invariably turned out to be, on close inspection, an example of the dangers of government interference. For instance, all the note-issuing banks in the United States which failed in 1838; the mass of note-issuing banks which in England failed before 1844; the Scotch note-issuing banks which failed after 1844; John Law's gigantic paper money experiment in France. All these notorious bank failures are due to one cause—the interference on the part of official authorities with the notes in so far that media of exchange which ought to have remained simple and useful credit instruments, such as our cheques are, were transmuted into mischievous paper money by the more or less active supervision to which they were subjected.

What an amazing difference it must make to a country to be deprived of credit instruments, for which it has a crying need, and to be gorging it instead with paper money for which it has no need whatever, can be best realised by considering what would happen to London if government undertook to supervise, or guarantee, every cheque drawn. In supposing such an event, it should be remembered that credit instruments, transformed into paper money by government supervision, are subjected to the same economic laws as metallic coin, and cannot circulate in larger amounts than the metallic coin they have superseded. Consequently government supervision of cheques would in London reduce their number by at least 98 %.

Who, then, can wonder at the above-mentioned bank failures, when all these banks, in their vain hope to supply

indispensable credit instruments in a form suitable to the productive trades and to the working class, were actually over-filling their market with spurious coin, which of course, to begin with, produced an enormous artificial inflation, and afterwards, as soon as the paper money—in virtue of the Gresham law—had driven the metallic coin out of the country, a tremendous reaction with the inevitable panics and failures.

Many economists are in the habit of calling the notes of the private banks in the United States before 1838, as well as the English notes before 1844, free notes, simply because the State supervision was not so absolute as is now general in the case of private note-issuing banks all the world over. But to convince themselves that such supervision as existed was sufficient to give the notes of the above-mentioned broken banks a coin-nature, they need only examine the methods under which the notes were issued and the manner in which the notes circulated. Such an examination will show that the notes were issued, not by any methods a free note-issuing bank is compelled to use, but by methods peculiar to deposit banks and money-lending establishments; also that the notes, instead of circulating exclusively in the natural market of the issuing bank, as free credit instruments would do, circulated indiscriminately all over the country as paper money does.

With regard to government supervision of notes, there is a line somewhere at which the note changes its nature from a credit instrument into that of paper money. Though the Scotch notes before 1844 were not entirely free, the government supervision which had prevailed from the middle of the eighteenth century had not reached that differentiating line, while in England, before 1844, and the United States before 1838, it had been exceeded. This is the simple ex-

planation of the phenomenon which has so much puzzled our economists, and which drove John Stuart Mill to the desperate conclusion that free note-issuing is very good north of the Tweed, but very bad south of it.

The prejudice, largely supported by misconception and spurious economy, which prevails against rational banking is one of the strongest of all the prejudices that have tormented humanity. Without it every civilised country would now be enjoying a normal prosperity which legislative mistakes and government interference would be incapable of suppressing. For the advantages of having an unrestricted number of banks capable of creating all the credit instruments required by their districts, to the full capacity of the productive trades, are so conspicuous that the most superficial reasoner cannot fail to perceive them. Prejudice alone stands in the way of the practical application of Free Trade in Capital and Credit.

The fact that free note-issuing has worked in Scotland to perfection for 150 years without a single failure or evil consequence has been of no avail; the fact that the same can be said of several Swiss banks, once free now supervised, has been of no avail; the fact that every credit instrument that has been left free has proved eminently useful and eminently safe has been of no avail; the fact that endless troubles, misery and poverty have resulted in every country where the government has interfered with bank-notes has been of no avail; and the fact that no argument in favour of State supervised notes and no argument against free notes can be cited has been of no avail.

Though both experience and reason thus show that there is less probability of a free note-issuing bank actually failing than any other bank or commercial establishment, such an eventuality should, however, not be considered impossible.

But should it happen, there would be very little loss for the holders of the notes. The amount of capital owing by the public to the bank is sure to be considerably larger than the amount of capital owing by the bank to the public for the notes. Should, therefore, a free note-issuing bank stop payment, all those who owe the bank balances of cash credit accounts would be able, and, against a slight discount, quite willing, to cash the notes of the bank up to the full amount of their debt to the bank.

Thus, under a free system the debtors and the creditors in each district would be, to the full extent of the note circulation of the banks, the same class of people, and even actually the same people in a great number of cases. With deposit banks this happy interdependence does not exist, the debtors of a deposit bank being quite different people and quite a different class of people from the creditors. Consequently at the very first sign of a panic every client would put the utmost pressure on the bank, and the bank would put the utmost pressure on every debtor. It is this lack of solidarity and this universal pressure which is so dangerous a feature in our centralisation system, and which constantly renders the commerce of the country liable to a general panic should only one of our large banks fail.

The question of bank reform belongs to that class of subjects which, rightly or wrongly, are considered abstruse, and are consequently shunned by the public and the press. But the question of Free Trade in Capital and Credit *versus* Bank Monopoly has for several years been before a considerable number of experts in political economy and finance. Though during all this time no one has been able to raise one single valid objection against this essential application of the Free Trade principle, and no one has been either able or else willing to say a single word in favour of our present

system, none of the political parties have seen their way to place Bank Reform on their programme. The reason of course is that the subject could not well be made a party question, because it would not further one class at the expense of another but would benefit every Britisher equally, because it would rouse none of those passions which so facilitate party agitations, but especially because it is essentially an Individualistic measure which would clash with the Socialistic leanings of all now existing parties. When, however, an Individualistic party is formed in the United Kingdom, Free Trade in Capital and Credit will be one of the first measures on its programme.

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VII

FREE TRADE IN DRINK

In face of the tremendous strides which the intemperate views of the so-called Temperance Party have during the last few years made in this country, it might seem a quixotic venture, dangerous to the cause of Individualism, to break a lance in favour of that freedom in drink which we yet retain in the matter of food. While it cannot be denied that the proposal to make the trade in drink as free as the trade in other commodities might amaze that great majority of Britishers who have drifted into the habit of gauging a reform, not by its true utility but by the extent to which it is favoured by public opinion, it is on the other hand a fact that the very climax of a public delusion generally produces a healthy reaction. While, therefore, the question of compulsory sobriety may have reached the proverbial stage of being ripe for practical legislation, the authors of this work believe that the excessive claims of the teetotallers have ripened a great many minds for the powerful arguments which can be advanced in favour of the sacred cause of liberty even in the domain of drink.

The restrictions and regulations to which the traffic in drink in this country has been subjected are the work of legislators who, when they legislate for the working-classes, are apt to forget that human nature is the same in the peer as in the peasant. These pseudo-aristocrats do not speak of

the people as 'we' but as 'they.' We never hear a supporter of Local Option say that public-houses are too great a temptation for him; that he, himself, is apt to get drunk when spirits are put in his way; or that his sense of self-respect and his will are weak enough to require government to defend him against himself. No! All these moral defects are in others, not in him. He does not want the restriction for himself, but for his inferior fellow-men with whom he does not desire to be confounded.

The Drink Question would be approached with less passion and fanaticism if the friends of sobriety would recommend such official restrictions as they deem necessary for themselves.

The excuse of the rank and file among the prohibitionists is that for at least during the last forty years the teetotal movement has spread in virtue of the most audacious misstatements and the most illogical conclusions. A set of ready-made opinions have been handed down from one man to another without the slightest inquiry and with any amount of appeal to sentiment. We have had ample confirmation of the fact that if a fallacy be only stated loudly enough, and often enough, it will attract a following.

If a temperance advocate were asked to indicate the chief cause of poverty, bad living, miserable homes, low morals and absence of thrift, his mind would not for a second dwell on such powerful and irresistible causes of human misery as we have laid bare in this work, but he would unhesitatingly repeat the parrot-cry picked up from others, 'Drink is the cause.' How utterly wrong his rash conclusion would be, will become evident when we have shown that drink, instead of being the cause, is the consequence of poverty, bad living, miserable homes, low morals, and absence of thrift.

Whoever has been in personal contact with both the

successful and the unsuccessful among our working-classes will at once recognise how strong an inducement to intoxition misery constitutes. That here and there a weak-minded man takes to drink without being goaded to it by misery does not disprove the strong temptation to drink which misery involves. The successful man who takes to drink is the exception; the masses driven to drink through misery are the rule. It is, however, a fact that men who become drunkards without any special trouble on their minds or any special worry in their lives are more often to be found among the working-classes than among the other classes. The reason of this is that, as we shall show further on, our licensing system constitutes as strong an impelling mechanism for the production of drunkenness as could be possibly devised.

What we have said about the tendency of trouble and worry to drive a man to drink holds good in every class, and the sad cases we meet with among highly educated men and women can generally be traced to some such cause, working collaterally with our unfortunate licensing system and the peculiar views it fosters.

If we set aside such cases of drunkenness among the upper classes as are the result of trouble and worry, and those produced by our system in the way to be presently described, it may be fairly said that sobriety now reigns among the upper and the middle classes. This fact will become more patent when we consider that a generation or two ago excessive drinking was one of the characteristics of the English upper classes. The change in this respect has not been sudden but gradual, and is still progressing. This increase of sobriety cannot be attributed to the efforts of the total-abstaining associations, because it had set in before the so-called temperance movement had acquired any hold

on the people, and it is a well-known fact that only a small number of the upper classes have taken the pledge. How is it, then, that the curse of drink has fallen so heavily on the working-classes? There can be only one explanation: The deplorable surroundings of the working-man, and the demoralising effect of insufficient earnings, drive him to the public-house. Sober and prosperous men have confessed that while they feel no actual inclination to indulge in strong drinks, such a change in their circumstances as would place them in the position of a be-sweated workman might tempt them to seek solace in intoxication.

Among those who would condemn working-men to loss of freedom, and to strict supervision because they yield to the demon of drink, we frequently find men and women who enjoy to the full all the advantages of wealth. These harsh judges live in comfortable and cheerful homes, surrounded by friends. They have their books and periodicals within reach. They have their agreeable parties, concerts, and theatres, and frequent opportunities of travel. It is probably impossible for men and women who thus have every moment of their lives interestingly occupied, whose minds are constantly receiving delightful impressions and whose existence is a round of excitement, to imagine what it would be to live a monotonous life in a cramped home, often badly kept, in a dull narrow street or a dirty alley, compelled to concentrate their minds on pinching and self-denial. What would be their state of mind if they had to live from hand to mouth with utter destitution staring them in the face, with no other prospect for old age than that of the workhouse? How would they preserve their courage, their cheerfulness, their self-reliance, if they found themselves unable to help and sustain dependent relations? Would not many of them who now condemn working-men

fly to the same agency as they do in order to dull their feelings, to momentarily raise their hopes and to satisfy their craving for excitement? The lives led by men and women of rank and fashion, who by reverse of fortune have been forced to migrate into the slums of poverty, prove that they often fall victims to the only source of excitement open to them—the gin palace.

To look upon drink as the cause of misery in the midst of innumerable examples confirming the very opposite view—namely, that misery is the cause of drunkenness,—is a curious confusion of cause and effect to which the whole body of temperance agitators must plead guilty. Their mistake has led them to waste a fabulous amount of energy and money in combating the effects while they have left the cause untouched. Had they used their power in attacking the cause, instead of the effects, they would by now have achieved a splendid result.

Economic misery, in itself so potent an incentive to drink, is in this country largely assisted in its demoralising influence by the Licensing Laws. The publican who has a licence possesses an actual monopoly in the district where he carries on his trade. In the large thoroughfares of our big cities there are many public-houses within a narrow radius. But, generally, these establishments are dotted all over our towns and villages in such a way as to give each of them a special neighbourhood from which they may draw their customers. As a rule it is very difficult to obtain a new licence in a district where a public-house is already established, and most publicans are fairly safe from competition. The actual monopoly which the publican thus possesses has set its stamp on everything connected with the trade—the house, the arrangements, the attendants, the goods and the methods of management.

The object of the publican, besides making money, is naturally not to study the comfort, the ethics, or the health of his customers, but to comply strictly with the police regulations in order not to jeopardise his licence and his monopoly. The exterior of the public-house is one mass of colour, gildings, plate-glass and lamps, standing out conspicuously from its surroundings of dull, dark streets. But any anticipation of cheering comfort which the inexperienced customer might entertain is forthwith dispelled when he enters. All the comforts have been bestowed upon the publican and his attendants. To them have been allotted the most spacious and the best part of the room. They have a fire-place, often a carpet, besides a snug parlour at the back. The unfortunate customers, on the contrary, are shut out from all this by a high zinc-covered counter, and are allowed only small standing-room between the counter and a draughty swinging-door. The floor is often dirty and no seats are supplied. Tables are out of the question, and often a barrel is used as a substitute. In this narrow, uncomfortable, wet and cheerless place the customers, and especially the working-class customers, are obliged to stand while they take their refreshments. There is of course an object in this arrangement, and it is to encourage a constant relay of comers. There is little inducement to linger, and so soon as a man has finished his glass, he feels that he is in the way, or he is bluntly asked what he will take next. In this way his feelings are worked upon to induce him either to leave or renew his order.

While a continental working man takes his refreshment at his ease, seated in a comfortable chair, with a small table all to himself or his friends, attended by a smart waiter, with access to a goodly supply of newspapers, the British working man has to take his refreshment at an exorbitant price at

the sloppy zinc counter, and is there treated like an animal drinking from a trough.

The results of this system can only be what they are. The glaring public-house is in the great majority of cases the only bright spot in a dreary neighbourhood, the only place where a working man can have refreshments, where he can meet his equals, where he can gratify his cravings for sociability, where he can discuss the topics of the day, and have a break in the monotony of his daily existence.

This especially applies to the young unmarried men who live in cramped lodgings, who feel themselves in the way in their crowded home. The working man who yields to the allurements of the public-house is apt to get his best feelings blunted. The whole atmosphere of the place, the way he is served, the noxious stuff he often consumes, the loose characters he mingles with, all tend to lower his self-respect. If he lingers because he has nowhere else to go, because the weather is rainy or foggy, or because he desires to meet a friend, he is often induced to take more drink than is good for him. In few public-houses can he obtain coffee, tea, cocoa, or food, and if he stands in need of sustenance, he must take the intoxicants which the house provides.

If a group of friends wish for non-intoxicants, while one of them prefers beer or spirits, the probability is that they all adjourn to the public-house, though there be a temperance place in the neighbourhood. As a rule, however, the refusal of licences—the liberty of selling beer, wine or spirits in any form—makes it impossible for the competitors of the public-house to exist. In country places and pleasure resorts the public-houses often reign supreme, and tourists and holiday-makers—including respectable women and young girls—are attracted to their counters.

One of the worst effects of the monopoly system, and the

absence of free competition which it involves, is the wholesale adulteration and poisoning which generally flourish in proportion to the poverty of the district. Here, again, we see a glaring injustice to the working man, who has to compete with the whole world in the earning of his scant wages, but is deprived of the advantages which he should have from the competition among the suppliers of such drink as he requires.

But there are instances of injustice still more glaring. A working man feels the need of a glass of beer or spirits. He has not much choice, but repairs to the house of the monopolist, where he is supplied with a horrible decoction, instead of wholesome beer or pure spirits. The poison inflames his brain, deadens his senses, and creates a burning thirst for more. Half unconsciously he continues to drink until he is as irresponsible as a madman. He meets another man in the same state. A quarrel ensues, blows are exchanged, and a life is taken. So-called justice arrests, tries and condemns to death the man who sought for a glass of beer. What a terrible parody of justice! For, who is the real culprit? Certainly not the man who was rendered mad, and whom the judge condemned.

The publican, whom popular opinion would condemn, has the excuse that he did not aim at poisoning the man, but simply at earning his rent, his taxes, the price of his monopoly and his livelihood. We fear very much that a great number of crimes of this kind must be laid at the door of those who uphold monopoly in the supply of drink—and who ought to know the inevitable results it produces.

In a country like ours, where each man is supposed to be a free agent, there is only one way of checking adulteration, and that is through free competition. Only in a completely Socialistic country, where the government itself would supply

the drink—and where the drinkers would be complete slaves —could adulteration be prevented by government. But so long as the competition to obtain drink is free, only free competition in the supply can protect the consumer.

The protection which the government affords the consumer in this country is simply a farce. Here, as in all countries where the State pretends to undertake the fatherly duty of preventing adulteration, the adulterators are alone benefited by it. It cannot be otherwise, for the childlike trust which the people as a rule place in government inspection causes them to neglect all inspection on their own account. Instead of being inspected by a million-eyed public, the adulterator is watched only by the inspector, who may never come in his way, or who may be hoodwinked or bribed.

The wholesale and impudent adulteration of milk, for example, illustrates the futility of our inspection system. If no official inspection of milk existed, the adulterating dairyman would not flourish to the extent he does now. His customers, knowing that they themselves have to look to the quality of the milk, would only deal with the dairyman whose reputation for honesty had been established by experience; or they would assume the habit of dropping the milk-tester from time to time into their daily supply.

Under a free system it would be always open to the consumer to make a contract with his supplier, to the effect that all goods supplied should be pure and unadulterated under as heavy a penalty as competition would compel. The present system of inspection is only a dodging game between the inspector and the adulterator, and when the latter is found out, the penalty represents only a small percentage on the profits of his systematic adulteration.

The greatest defect of the inspection system is that

the ever-growing army of inspectors has no responsibility. People are systematically poisoned through adulterations, their income is pilfered by short weights, they are attacked by diseases caused by badly drained and ill-constructed houses, and when they discover how thoroughly they have been deluded, their only remedy is to enter upon an expensive lawsuit against the author of their misfortunes.

But the inspectors, who should have been inspecting, and whose presence has thrown the dupes off their guard, always go scot-free. We have inspectors of mines taking the responsibility off the shoulders of the miners themselves, but who ever heard of an inspector being hanged for murder, or imprisoned for manslaughter, when his defective inspection has caused hundreds of dupes of the system to lose their lives in an explosion? We have inspectors of theatres and public places, but who ever heard them even blamed when, through the most absurd arrangement of doors and staircases, hundreds of men, women, and often children, are sacrificed in a panic? There are places of public entertainment at this moment in the country which might prove awful death-traps, in case of a panic during a full attendance, but when the catastrophes come, as come they will, those inspectors, and nominators of inspectors, who by sham security have lured the people to their destruction, will manage to escape completely any evil consequences to themselves of a sham responsibility so recklessly assumed. The fact is that to appoint an inspector without responsibility means simply to take away responsibility from proprietors, managers, and all others concerned, rendering nobody responsible.

The appointment of government inspectors of intoxicants removes the responsibility from the publican, and lulls the suspicion of the consumer. What wonder, then, that the publican should abuse the monopoly he holds and increase

his profits by means of adulteration. Under a system of free competition, adulteration would spell ruin to the retailer, and he might be compelled, in order to allay the suspicion of his customers, to hang up in his bar a signed and sealed engagement to compensate by a heavy sum of money anybody served with adulterated liquor. There can be little doubt that the present Monopoly system enormously encourages adulteration, and, therefore, exercises a most unhealthy influence, especially on the working classes.

Under a free system many checks would come into operation which at present do not act at all. Thus, for instance, the wholesale producer of good qualities would exercise, in his own interest, no slight control over the retailers. These would, actuated by competition, describe their wares as being of such and such a brand, and the proprietor of good brands would naturally take steps to prevent the retailers from selling adulterated stuff as his products. Under a free system the popular control would prevent the retailer from escaping from the consequences of his adulterations as easily as he does now. Elaborate legislation has been resorted to in order to prevent the publican from diluting his spirits with water, but as it would be utterly irrational, especially from a prohibitionist point of view, to compel the public to drink strong spirits when they wish for weak ones, it has been found necessary to allow the sale of weak drinks, on condition that the retailer announces on a placard in his bar that he sells diluted spirits. By simply placing such a placard on his wall, mine host is perfectly free to water his spirits as much as he likes, and his customers, well aware of the annoyances that might result from government inspection, believe him implicitly when he declares that the law makes no difference to his honesty, and that the placard has been hung on the wall simply in order to keep the inspector out of the place.

Opponents to Free Trade in Drink, labouring under the delusion that the presence of public-houses is the cause of drunkenness, and ignoring the patent fact that much drunkenness is the cause of the public-houses, endeavour to prove their case by asserting that each public-house constitutes a separate temptation against which the citizens ought to be protected. Without this feeble reasoning they could not point to any cause why two small public-houses in one street would produce more drunkenness than one large palatial place, capable of holding ten times as many people as the two small ones.

Nothing has been more common during the last twenty years, when political programmes have had to be popular at whatever cost, than to introduce either suddenly or surreptitiously fallacious principles in order to bring about *nolens volens* some pettifogging paternal supervision. Thus, in order to gratify prejudices in connection with the Drink Question, our teetotallers have induced Parliament to undertake the protection of the citizens against the temptation of strong drinks. Parliament has taken this step without at all considering whether protection against temptations in general ought to be its duty, or, if it ought to be so, how it could be best and most systematically fulfilled.

The idea of the government in a free country attempting to protect the citizen from temptation is so preposterous that, if it had been abstractedly suggested in Parliament, it would not have secured one single supporter. Of all the teachings humanity has derived from experience there is none more generally acknowledged than that it is impossible for any government to protect any human being from temptation unless the protected individual is a complete slave. Experience has also amply demonstrated that to shield any individuals, or any class, from temptation is to render them

weak-minded and unfit to maintain themselves as responsible beings. Let every man look back on his individual life and he will find that such of his early friends and comrades who in their youth have by care or compulsion been the most screened from temptation have invariably shown far less character and self-control than those who from an early age have been taught to rely upon themselves.

If we regard nations, instead of individuals, we find that only those peoples who have developed in freedom, unscreened from the fierce blast of temptation, have risen to national independence, prosperity, and power. We find that every nation and every race which for any length of time have been cosseted by some paternal government, by some worldly or spiritual authority, or by some other nationality, have lost the best qualities of manliness and self-reliance. Were there any virtue in the reasoning of our teetotallers and prohibitionists, what would become of a nation that was to act up to it, and how should we regard that love of liberty which from the earliest times has been so powerful a factor in all human development, and for which the best individuals of so many splendid races have been ready to yield up their lives?

But, to descend to the narrow and unreasoned tactics of expediency of which our Temperance Reformers are guilty, let us examine whether the temptations to intoxication are those which ought to be removed in the first place by a Parliament which imagines itself to be the protector of people against their own weakness.

If a man is induced to enter a public-house, it by no means follows that he will intoxicate himself. As a matter of fact a very small percentage of public-house frequenters do. If a man should get intoxicated, would it necessarily follow that he would be ruined for life and become a burden

on society? By no means. Millions of men, and some great and highly useful men, have been intoxicated. Consequently, the chances of a man being ruined by entering a public-house are extremely remote.

If there were method in the madness of the teetotallers, on the other hand, might not they espy far greater danger in other temptations? The drapers' shop windows, crowded with articles which exercise a powerful fascination over the feminine mind, to them surely ought to be a form of public temptation which should be abolished before the public-house. Might not such displays of luxury tempt the wives and daughters of the struggling man to indulge in expenses that often blight the happiness of the home? Have not these tasteful fineries tempted thousands of innocent, hard-worked, and half-starved young girls to barter away their bodies and their souls? Does not the passion for dress, indeed, populate our prisons with women convicted of shop-lifting?

Take again the displays of the sweet-shops. How powerfully they must tempt small children to steal the pennies which alone can procure them the alluring 'goodies'! And what have our protectors against temptations to say about the operation of the penny banks in the schools encouraging the deposit of pennies by youngsters who have no income?

If temptations are to be removed by Act of Parliament, would there not be every reason to prohibit luxuries among young men only too apt to drift into indebtedness; to prevent sport, in order to prevent betting; to confiscate pictures, stationery, and books capable of influencing youthful imaginations; to compel reform in ladies' evening dress; to close all ball-rooms; to forbid all social intercourse among men and women; and to allow no women in the street unless veiled in the Oriental fashion?

If exact statistics were obtainable, showing the number of

people who have come to grief by yielding to the attractions of the public-house, and of those who have fallen victims to each of the above-mentioned forms of temptation, it would probably be found that the allurements of the drinking-bars are not among those which, through the number of their victims, call the loudest for the intervention of a pragmatical and paternal government.

By going back to first principles, and by taking a broad and comprehensive survey of the whole question, it becomes evident how impossible it is to render people virtuous and sober by screening them from temptation; and also that, if it could be done, how utterly humanity would be degraded by the process. But our teetotallers do not go back to first principles, and do not take a comprehensive view of the question. Restive under reasoning, they hasten to assume what they should prove, so that they may plunge into that atmosphere of sentimentality, declamation and frenzy, so congenial to all minds of a fanatical turn.

It has been noted that Englishmen, who have visited the Continent, hardly ever describe our public-houses as temptations. The reason is that, compared as to attractiveness with refreshment places in many of the continental countries, the great majority of English public-houses positively appear to be deterrents from, rather than allurements to, drink. On the Continent one meets with public places of refreshment where no entrance fee is charged, but where every form of luxury is to be found: large and lofty rooms, well upholstered furniture, gorgeous decorations, good attendance, spacious verandahs, luxuriant gardens, brilliant illuminations, and high-class music. When to these are added refreshments and cigars at about a quarter of the price the English would have to pay at home, it might be reasonable to describe such places as inviting.

But what is the effect on the people who are ruthlessly exposed to such allurements? Thousands of Englishmen who have frequented such places can tell us that they are filled with a decent, orderly public, drawn from a great variety of classes; that families taking their tea, and men enjoying their beer, their grog or their punch, elbow one another in perfect harmony; that when the closing hour arrives all leave the place apparently as sober as when they arrived.

How, then, can we reconcile the two facts, that highly attractive places seem to constitute a lesser temptation than the repulsive public-houses in England? The explanation is simple enough. The English public-houses, in themselves, would be no temptation; but our monopoly system and the consequent absence of free competition in the supply of refreshments, as well as of public amusements, renders the English public-house not only an attraction to the working-man, but a death-trap to his body and his soul.

The gratuitous supposition of the Local Optionists, so indispensable to their methods of reasoning, that a man will drink in proportion to his opportunity of doing so is entirely disproved by experience. On the contrary, a reference to actualities shows that the greater the opportunities of drinking the less are they used. To any one who has studied human nature this is not surprising. A man who has been carefully shielded from temptation, who is used to rely on artificial protections and barriers, and who has had little opportunity of developing the strength of his mind, will naturally be an easy victim to the first temptation that comes in his way. The man, and still more the woman and the child, who have been forcibly kept from the enjoyment of certain forms of food, drink or pastimes, are sure to develop an abnormal longing for them, and would count it sport to break arbitrary regu-

lations not founded on religious precepts or on the natural moral laws.

It is a well-known fact that the majority of workmen employed in large breweries are sober men, though their allowance of beer is on a liberal scale. In Bordeaux and other centres of the wine trade, the population is remarkable for its sobriety, though the majority of the working-classes are engaged the whole day in the wine-cellars and warehouses where they have free access to the best wines produced. It has been noticed that when French regiments exchange garrisons, those from the north going to the south and *vice versâ*, and the regiment which is moved from a province where wine is dear, bad and scarce, and where the men have been somewhat addicted to drunkenness, is quartered in a southern wine-growing district, they are prone to intoxicate themselves for the first week or two, but afterwards become as temperate as the local people themselves. On the other hand, when a sober regiment from the south is quartered in the north, where wine is a luxury, the men remain strictly sober for the first week or two, but afterwards become as prone to indulge in beer and spirits as their predecessors. This phenomenon cannot be traced to the climate, as people moving from the southern wine districts to the north, with sufficient means to remain uninfluenced by the price of wine, feel not the slightest inclination to abandon their sober habits.

The city of Paris was once remarkable for the sobriety of its working-classes, when wines and brandies were cheap. Now that the oedium and the phylloxera have enormously reduced the wine crop in France, since the whole world has taken to drinking French wines, and since the excise duties on wines and spirits entering Paris have been raised, these luxuries are dear in that city, and drunkenness has developed to a deplorable extent.

In the United States, before the American people had lost their faith in liberty, and before the American Government had begun its long series of financial and economic blunders, the manufacture of spirits was free from Excise Duty, and alcohol was consequently good and cheap. Spirits were largely produced and largely consumed, not in the shape of drink, but for household and industrial purposes, such as cleaning, burning, etc., to the great comfort of the Americans. But, since a heavy Excise Duty has been imposed on spirits, drunkenness has been on the increase in the United States.

Similar examples from reality can be quoted *ad infinitum* in refutation of the fallacious assumption that easy access to wines and spirits tends to increase the insobriety of a people.

Even were there no experience to go by, any logical man, asked whether the suppression of public-houses would diminish or increase drunkenness in the country, would certainly reply that such suppression would result in home drinking, and secret dram-shops of the worst description. And so it would no doubt be. In houses where now not a drop of spirit is to be found, a stock of spirits would have to be stored, unless strict teetotal principles prevailed among the householders and all their friends. The public sympathy would be with the illicit sellers of drinks, and, in view of the sporting proclivities of Englishmen, the official obstacles thrown in the way of the traffic in spirits would enormously add zest to the acquisition and consumption of intoxicants.

Already such diminution in the number of public-houses, and such regulations as have been enforced regarding hours, etc., have resulted in a crop of private clubs. These places are in a great majority of cases more demoralising than any open house could possibly be. They are accessible at all

hours of the day and night, and in many of them not only drinking, but singing, gambling and ballet-dancing go on at all hours, and even on Sunday forenoons.

The cry from the teetotal camp now is of course that Parliament must legislate against clubs; but if it does, the result will naturally be that if the law succeeds in closing the clubs, the spirit of revolt which created them will manifest itself in even more private localities, and only when every house is inspected and every man and woman shadowed will the teetotaller's millennium be possible.

The so-called Temperance Party has arrived at their extraordinary belief in the power of Parliament to render people sober and virtuous by the following process of fallacious reasoning: People become poor, miserable and thriftless, because they drink. They drink because the public-houses give them an opportunity of doing so. If they did not go to the public-houses, they would keep sober, and if they kept sober, they would thrive and be happy.

This reasoning is illogical and superficial in the extreme. For a man to drink himself into misery is the exception, and for a man to get drunk because he is miserable is the rule. Men who have the best opportunity of drinking do not get drunk, but the more drink is withheld from people the more they want it. The public-houses do not alone supply opportunities of drinking, and their suppression would cause more numerous and more dangerous opportunities for intoxication.

The fact is, that the advocates of compulsory temperance have long ago lost sight of the real aim of legislation and social institutions in a free nation. This aim is not to cause the multiplication of a weak-minded race incapable of any temptation-proof virtue, unable to depend on itself, capable of continuing in national existence only through artificial support, authoritative protection, and constant supervision.

Such is, however, the aim of our prohibitionists, and it can only be attained through a complete national decadence. A people made up of lifelong minors, of overgrown children, would have to yield up their national independence to a stronger nation perhaps after no more resistance than the mighty China has offered to tiny Japan. Should the whole world be placed under the influence of teetotal principles, the scheme of humanity would be reversed, and coming evolutions in harmony with them would bring our race back towards the level of the monkey.

The aim to strive for should not be to prevent a certain amount of alcohol from going down a certain number of throats, but to render British citizens strong-minded, self-reliant, free men, well able to resist temptation and to live a healthy, virtuous life, not by outside compulsion, but by free choice.

Both logic and experience lead to the conclusion that, in order to give our people such strength of mind, such self-control, and such manhood as alone can protect them against the vice of drunkenness, we must cease to interfere with the liquor traffic. Free Trade in Drink must be an item in the programme of a truly Patriot Party. But it should be borne in mind that the transition from an old-world system of supervision to a rational free system should be accomplished in a wise and prudent manner, if the operation is to be performed without a severe crisis. To make the retail trade in drinks free to-morrow, while spirits are still considered a treat, while they are dear and adulterated, while salted beers are sold as thirst-quenchers, while decent cafés and other places of refreshment for the working classes are non-existent, while the monopoly in public amusements is maintained, while monopoly in banking keeps wages at starvation point, while the protective system closes our colonial markets, while

the people are not fully awakened from the mental lethargy in which paternal government and fussy officialism has enwrapped them—to suddenly institute free competition in the supply of drinks would be to create a temporary saturnalia until the benefit of the free principle had had time to assert itself and moderation had been instilled by the process of painful experience.

The transition from our present licensing system to complete liberty would, in any case, be marked by a temporary increase in drunkenness, but by allowing this reform to be preceded by other reforms in the direction of freedom, and by gradually removing State-meddling with the drink traffic, complete Free Trade in Drink might be attained at the temporary sacrifice of artificial sobriety which would be well worth the final great aim—namely, sobriety based on strength of character and not on official so-called safeguards.

In the meantime a coming Individualist party should exert itself to prevent any further restrictions and weak paternal measures. The public should, if possible, be taught to con-consider the Drink Question in a rational manner—to aim at, not social tyranny over their neighbours, but at liberty for themselves. Any municipal or private step taken with the view of diminishing the drink nuisance should be determined, not by the desire to prevent the consumption of intoxicants, but by the desire to diminish the interference with sober people's freedom on the part of drink-retailers or drunkards.

It should be remembered that the objections now raised against public-houses in respectable neighbourhoods arise largely from the interference with our liberty to which we are unfortunately so well trained to submit. The street noises, produced by loud talk, singing, wrangling, shouting and screaming, inside and outside taverns, constitute most

serious infractions on the liberty of all the people of a neighbourhood, which should not be tolerated in a free country. It is lazy-mindedness, want of energy, and want of principle that have induced our forefathers rather to abolish the public-house than to punish such infractions of personal liberty as disturbances and noises in public places emanating from public-houses and many other causes. Very little is to be gained by freeing us from such disturbances as arise from public-houses, if we are to be kept awake throughout the night and early morning by roysterers, concertina-playing revellers, municipal watering-carts, can-rattling milkmen, howling sweeps, and bellowing coal-salesmen and costers.

Our idea of personal liberty has indeed become so confused that thousands of tired citizens and hundreds of suffering invalids tamely submit to a continuous torture of so refined and exasperating a cruelty as the prevention of sleep by a small number of tyrants. So little do we respect individual freedom as to attack only one cause of our sufferings—the public-house—and as to do this, not in the name of liberty but by tyrannising over others as others tyrannise over us. There can be no objection to any public-houses conducted, as they all could be, with perfect respect for the liberty of the people in the neighbourhood. At least the objections would be incomparably smaller than those we should raise—if we understood the value of liberty—against barking dogs, crowing cocks, screeching cats, and the discordant pianos of our neighbours.

One reason for suppressing public-houses is that they increase drunkenness and cause drunkards to become a burden on the parish. The weakness of such reasoning has already been exposed, but if, for the sake of argument, we supposed that each tavern created a certain number of hopeless drunkards, there are surely other ways by which to

protect the ratepayers than by interfering with the liberty of the whole neighbourhood. We now provide for the man who has ruined himself through drink in the same charitable manner that we provide for the man who has come to grief through generosity, honesty and undeserved misfortunes. There is no excuse for such a system. If a man, through drink, render himself a nuisance to society, he should be treated as such. The more degrading the punishment meted out to the drunkards the less would be their number. They might be enrolled in a disciplined corps and employed in the more disagreeable branches of municipal work, or if too numerous to be absorbed in this way, they might be placed on farm-colonies similar to the Dutch beggar-colonies, where they should be made to live cheap enough and work hard enough to render such colonies self-supporting. Such severe treatment will no doubt be deprecated by those who themselves have felt the power of the drink demon, or who have friends apt to yield to him. But the reply to these is that a degrading punishment inflicted on drunkenness is for the weak-minded man the strongest support to his efforts to keep sober, and that the punishment is not a revenge on the sinner, but an inevitable measure for the protection of personal liberty in general. If the drunkard can yield to his passion either by his own provisions, or by the assistance of his friends, without interfering with the liberty of others, there would be no occasion to curb him.

A political party, or individual citizens, anxious to pave the way for better times or better principles of government, should endeavour to impress upon their fellow-citizens how absurd are our present methods against drunkards. These methods consist in doing violence to the liberty of the whole community of sober people in order that a few drunkards may maintain an undeserved liberty despite their vice.

VIII

FREE TRADE IN AMUSEMENTS

'I KNOW a very wise man that believed that, if a man were permitted to make all the ballads, he need not care who should make the laws of a nation.' So said Andrew Fletcher of Saltoun to the Marquis of Montrose. He recognised how much more accessible to influence was man's emotional faculty than his intellectual.

At the very beginning of the struggle of mind to overcome mind, from the first attempt of one human being to influence another, it has been recognised that man does not live by bread alone. The truth of the cynical aphorism that in order to govern you must deceive rests on the fact that man is more easily swayed by his emotions than by his interests. Priest castes of all ages have realised that superstitious fear alone is an insufficient means for imposing religious discipline, and that a successful religion must largely satisfy the craving for the beautiful, the pleasingly emotional, and the joyous sensations at the root of every human heart. By dint of pageantry, imposing ceremonies, alluring music, attractive works of art, captivating dances, the priesthoods have ever strengthened their ascendancy over the masses and moulded the character of their followers. Stern and ascetic churches that have not appealed directly to the senses have instead held out promises of future joys and glories fascinating enough to render the minds of their

members as plastic as the clay in the potter's hands. Monarchs and ruling castes have recognised that to minister to the pleasure of the people is one of the ways by which power may be gained and retained. History shows that even when this means of ruling has been employed in a onesided fashion and to excess, it has failed, not from want of effectiveness but from lack of resources on the part of the dispensers.

Such being the profound importance of a nation's pleasures, it is not surprising that those who aspire to govern the people should have secured the power of regulating its amusements. Every school of sociologists—the Individualists as well as the Collectivists—agree that the public amusements of a nation should be of a pure and elevated kind. But they do not agree regarding the methods by which purity and elevation shall be attained.

The supervision of amusements was ever one of the prerogatives that the pragmatical governments arrogated to themselves. Compared with the regulation of dress, luxury, servants' wages, and a thousand and one other matters of which many a government undertook the regulation, public amusements assumed a paramount importance. Under the influence of the strong impression that the government must necessarily better understand what is good for the people than the people themselves, and that the citizens would infallibly do something wrong if allowed to join in any common action whatever without the guidance and supervision of the government to the masses, it has always seemed indispensable that public amusements should be under authoritative control. This opinion has been held by every cultured nation, and, despite the progress of our civilisation, despite teachings drawn from experience, this same opinion still prevails. It is one of those prejudices which are handed down from generation to generation, and are

accepted blindly as dogmas without any investigation whatsoever.

It is only fair to our race, however, to remember that an enormous number of incidents has appeared to confirm the faith in government supervision of amusements. When secret establishments for low pleasures or right down debaucheries have been discovered they have always been held up as an example of what public pleasures would be were they not supervised by the authorities. It seems hardly ever to have struck anybody that the existence of such degrading secret places of amusement is the inevitable outcome of government supervision, and especially of wrong-headed government supervision. The sounder views which have prevailed regarding bodily ailments have not yet been extended to social evils. It is not long ago that medical science concentrated all its efforts upon alleviating, suppressing, and preventing symptoms of physical disorders even at the cost of aggravating the causes. To medical men of our day such a method would appear extremely absurd: for they well understand that it is the causes of the evil that must be attacked, and that only by allowing the symptoms to manifest themselves freely can they judge the nature of the malady and the effects of the remedies. The old methods violated nature, the new ones assist her.

But with regard to social evils, the old methods prevail unchecked. Parliament, the County Councils, numerous societies, philanthropists and authors are busied in fighting one by one a thousand effects, while no one dreams of inquiring into the one cause from which they all spring.

When, therefore, a tendency to degrading pleasure is discovered, it is never investigated in what relation such a phenomenon stands to other evil tendencies, nor what may be the cause of them all, but some special enactment is

passed calculated to check the latest discovered harmful tendency. Original sin is considered a sufficient cause, and the whole of humanity being wicked—of course with the exception of the government and the police—no other remedy can be found than a violent interference on their part.

Whether we look on the places of public amusement of our days, many of which we have no reason to be proud of, or at the public pleasures of the past, which were not only sanctioned, but often instigated by the authorities, such as bull-baiting, bear-baiting, cock-fighting, etc., we entirely fail to find any real confirmation of the beneficial influence of government supervision of public pleasures. The fact is, that government necessarily reflects the idea of the people of its time, and it, therefore, regulates the public amusements somewhat according to the taste of the people. If the brutal performances of the past are now prohibited by the government it is chiefly because the public taste has improved; and if to-day pure-minded women are freely admitted to performances which, fifty years ago, would have been prohibited as far too indecent for the corruptest men, it is because ideas about decency have changed.

It might be difficult to prove whether such changes in public opinion are for the better or for the worse; but if they are for the worse, it is evident that such an unhealthy development has not been checked by State supervision. To instance theatrical performances, the following has generally been the process of progression: The State through its officials draws certain lines which should not be exceeded. The very existence of these lines produces both on the impresarios and on the public the impression that beyond the official demarcations might be found representations of greater attraction than those within official limit. The impresarios, therefore, conclude that they must go as near as they can to

the fixed margin, and, if possible, exceed it surreptitiously or even boldly, in order to create a sensation. The fact that the performance is arranged on this principle naturally makes the public more eager to witness it, because it promises to open up new fields and to establish a new privilege. Besides, every human being resents prohibitions and counts it sport to break through them.

The officials may feel inclined to intervene on behalf of public morality, but in view of the fine legal points that may be raised, and perhaps from a fear of the enormous advertisement their interference would give to the performance, they hesitate. In the meantime it is found that the public is not so shocked as might have been expected; a large proportion of the citizens and the press approve of the new development on artistic, literary, or other grounds; soon the whole community becomes used to the daring innovation, and public opinion about decency accommodates itself to the actuality. The same process is repeated each time an impresario, encouraged by previous successes, feels inclined to take another step beyond the boundaries of the authoritative limits of public decency.

Whether authoritative supervision, with regard to decency, accelerates or delays the progression towards greater licentiousness is, therefore, an open question. Were there not a host of factors at work in modern society in the promotion of immorality, it might be fairly asked whether the existence of State control over public amusements does not give piquancy to the laceration of the standard of the decency of the day; and whether impresarios, unable to fall back upon such an attraction, would not more earnestly give their minds to studying the human yearning for the beautiful and the elevated which underlies all progress.

The development which spectacular performances have

taken in Great Britain, in unison with the rest of the world, as well as the freedom modern artists assume in their representation of the nude, has caused deep dissatisfaction and even alarm among certain classes of people, who perhaps from being utterly out of touch with art and public entertainments, have not been influenced by the more modern opinions regarding decency. These people object to the gradual sanction by the authoritative controllers of the successive steps towards liberty, and make efforts from time to time to establish a coercive control strong enough, not only to prevent further advance towards freedom, but to force back the standard of official decency to bygone points. They are the coryphées of that great majority which emphatically believes in the beneficial effects of State supervision of public amusements. It is, therefore, important to show that the reasoning which underlies their attitude is entirely fallacious, and that the remedy they suggest—State compulsion—would inevitably lead to the very opposite of the result they desire.

Their object is to further morality and decency. They themselves do not distinguish between the two. They take for granted that what is branded as indecent is necessarily immoral, and that anything that is not indecent is moral. It is hardly possible to commit a more flagrant blunder. What is moral or not moral, is determined by the eternal feeling which the Creator has implanted in the human soul, and can, therefore, not change. What is decent and what is not decent, on the contrary, is determined by a conventional opinion which changes with times, with places, with nations, with religion and with fashions. There was much in costume and habits in antiquity which was decent then but would not be accounted decent now. Mohammedan women consider it indecent to unveil their faces to male strangers,

a view which Christian women fail to understand. The scanty dress of Indian servants is considered perfectly decent in Bombay, but would be regarded as outrageous in London. Bare knees are decent in a Highland dress, but would constitute a punishable offence of indecency in the same man, in the same street, in the case of ordinary attire. For a lady to receive morning callers in an incomplete dress, exposing, say, her arms, would be considered indecent, but at an evening party or at the opera she may expose her arms, her neck, half her back and her chest, without being thought in the slightest degree indecent.

In view of these indisputable facts it is evident that to determine what is moral and what is immoral by the decency standard of the day, or perhaps of the moment, is a sure way of forming a wrong opinion. Our prudish school of reformers not only constantly commit this mistake, but, what is worse, their conception and definition of morality are hazy, biassed, and incorrect. These masqueraders in Puritan garb seem unaware that there is such a thing as spurious morality, which is very different from real morality, and they invariably mistake the former for the latter. The one is a matter of outward show; the other is a condition of the human soul.

This spurious morality, or, as we shall here call it, the ascetic morality, is the outcome of mediæval misconceptions, fanatical but un-Christian religious views, and Church politics. It sprang from the blasphemous supposition that God's Nature was utterly wicked, that morality could only be attained to by shunning nature, and by selfish isolation involving the avoidance of all social functions, duties and relations with the world and fellow-men—the very atmosphere in which true morality can alone find its application.

The votaries of the ascetic morality of old took the

teachings of the early Christian churches in a very narrow and a very literal sense. In order to better inculcate the true Christian morality—brotherhood, charity and self-sacrifice—the early Christian churches were prone to remind their members that they had an immortal soul that could be saved only by the fulfilment of Christian duties. But, gradually, the saving of their souls became, to the fanatical Christians, a more absorbing concern than the fulfilment of Christian duties to their fellow-men. Asceticism, a degeneration common to almost all religions, made its appearance, and, as the attention and admiration it excited assisted the new churches in their missionary work among the Pagans, it was encouraged by the leaders. However we may admire men who, on religious grounds, lived in lonely caverns on the coarsest of food, or who spent a goodly part of their lives on the top of a pillar, we cannot help recognising that the form of morality which found its highest expression in such lives was of an entirely different nature from that revealed in the words: 'What you have done to the smallest of these, my brethren, ye have done it unto Me.'

The morality of ascetics was adopted by the monasteries and the cloisters, and as these establishments were among the bulwarks of the Church of Rome, the views of their inmates were rather encouraged than opposed. Ascetic morality has ever since been more or less enjoined by almost all Christian churches, and has largely come to be looked upon as the only true form of morality.

Its characteristics, even among the English and other Protestant Churches, are the same to-day as a thousand years ago. The ascetic feature remains, though the renunciations have been limited to those sweets of life which can be most easily dispensed with. The saving of the soul by the most methodical, and, from a dogmatic point of view, the

most certain means, is still the chief concern. Extreme caution in all relations with fellow-men, avoidance rather than resistance of temptation, a strict observance of outward forms, a hatred of all that is natural, the assumption of the utter depravity of man, the belief in the meritoriousness of a gloomy life, want of admiration of the beauties of the human form, a jealous uncharitableness towards all weakness of the flesh in others—all these peculiarities which distinguished the ascetics of the early churches are still to be found among those who have been brought up in the modern ascetic morality.

Ascetic morality itself is a miscarriage of religion, and in modern times it constitutes a terrible obstacle to Christianity in the nobler sense of the word, partly by displacing it and partly by discrediting it. There can be no doubt that we live in a time of a general awakening to the moral responsibility of human beings—an awakening which sometimes takes the form of a deeper religious life in the churches, and sometimes that of a thoroughly honest scepticism, often the result of a religious yearning of a nature too elevated to find the realisation of its ideal in the existing sects. The more this modern movement advances, the more will ascetic morality be regarded as an object unworthy to strive for.

When, therefore, a certain class of people claim that morality is the object of certain peculiar actions, it behoves us to closely examine what kind of morality they mean. If they mean the unnatural, bigoted, ascetic morality, which in our day tends to become as much repudiated by sincere thinkers as it would have been repudiated by the founder of the Christian religion, their object is one that should be resisted to the utmost. Whenever it has been tried to render people moral by making them unnatural, by isolating the sexes, by screening them from temptation, and by doing

violence to their imagination, the result has been deep-rooted immorality. The free intercourse of young people of both sexes in family circles and social entertainments in Great Britain, the United States, and many British Colonies, has produced a respect for morality, purity of mind, and a self-control which do not exist, and which no fair-minded man would expect, in countries where the two sexes are kept apart up to the day of marriage. A man or a woman must be utterly depraved not to understand that the social intercourse of the two sexes has great attractions, vivifying emotions, and pure joys which do not spring from any sexual—at least not animal sexual—promptings. To deny this would be to deny all the charms that have sprung from chivalry and romance, it would be to deny the existence of true love, which in this country is the motive-power of so much wondrous devotion and of so much spontaneous crime, it would be to deny the reality of pure friendship between boy and girl, man and woman.

When a young man or woman is deprived of all the pleasures afforded by the social intercourse of the sexes, when their emotional nature is, so to say, turned against itself, when no pure-minded impressions stand between them and their animal nature, when their imagination is left to grow rank, uninfluenced by the beautiful realities of the world, then it is that morbid cravings gain ascendancy over them, and that maddening hallucinations hold up an immoral life as a picture of material apotheosis rendered seductive, not only by sexuality, but by all that is enchanting in chivalry, romance, love, and nature. The legend of Saint Anthony has its moral.

English people who have studied France are well aware that many deplorable features in French social life are not due to what public opinion in England generally ascribes

them—to the inborn immorality of the French nation, but to the educational system, the estrangement of the sexes, and the mercenary, loveless marriages. Apart from artificially produced effects, the French nation is probably quite as moral as any other nation. What wonder if, subjected to an unnatural ethical system which does violence to their legitimate but intense aspirations for happiness and vitiates their powerful imagination, they should kick over the traces of an official morality which they despise and of which they feel the demoralising effects.

What other results could be expected from an educational system which, in France, imprisons young boys in large barracks, excludes them from all home influence and all the civilising refinement of feminine society—a system which by withholding every literary reference, every pictorial representation, and every poetical embodiment of the fair sex, allows their unguided imaginations to be fanned to fever heat? How can a moral life be expected from a young man who leaves college trained, not as a citizen, but as a young monk, and who enters upon a world where social custom imprisons all the respectable and virtuous young women and plunges him into Hetarism.

While the French system of educating boys is bound to produce a morbid curiosity which is likely to leave an impression for life, it has been noticed, especially by foreigners who visit England, that the freedom English boys enjoy, in face of the reasonable liberality of our censors regarding pictures and photographs, has in no way produced the demoralising results which the votaries of artificial morality dread. While in France and many other continental countries, boys who happen to pass the window of a picture-shop invariably concentrate their attention on such pictures as mostly display the feminine form, in England, on the

other hand, such pictures and photographs receive but scant attention from lads who, on the contrary, are intensely interested in pictures of sport, adventure, and even prize-fighting. This striking contrast arises from the fact that the English boy of our time from his earliest childhood is familiar with pictures representing ladies in tights or nude divinities.

All these facts should be borne in mind by those who dogmatise about public amusements or about the nude in art. They should remember that there is much in nature and art which short-sighted Pharisees have rashly branded as immoral, solely on the ground that it might prove so many temptations, especially to morbid imaginations like their own, but which, in reality, help to beautify and ennoble our lives without demoralising us.

Wesley said, when he was criticised for adopting secular melodies for the hymns of his congregation, 'Why should the Devil have the best tunes?' And so with regard to public performances, pictures and statues, we may ask, 'Why should the Devil have the monopoly of all that is beautiful?'

The advocates of police morality seldom or ever take into consideration what every artist, every human being of artistic temperament knows perfectly well, that the demoralising effects of a picture, a statue, or a costume do not depend on the amount of drapery applied. A nude figure may be perfectly decent and chaste, while the completely draped figure may be dangerously demoralising. All depends upon the spirit in which it is conceived or presented. We have seen a picture of a young nude nymph, palpitating with life, rushing through flowery entanglements in a state of love-frenzy, and yet the representation could evoke nothing more than an intense admiration of the created world, a feeling of

faith in our divine nature, and a desire for all those virtues which render our life rich and intense. On the other hand, we have seen a picture representing a young girl in an every-day dress, reading a book in a library, painted in such a spirit as to render it unfit for exhibition in decent society.

So long as the public censor has his influence restricted to outward forms, and so long as he cannot touch the spirit in which a work of art is produced, or a part performed, his power for mischief must ever remain greater than his power for good. The only manner in which he can render his function tolerable to the public, and at the same time to some extent satisfy his own conscience, is by judging, not according to his own personal bias, the views of his church, or the opinion he has held up to date, but according to the opinion of the public at the time. Does not this suggest the question whether it would not be better to let public opinion exercise its influence over public amusements directly, instead of letting it filter through the mind of overworked officials, where it runs a great risk of being distorted ?

When a public body, like the London County Council for example, arrogates to itself the right to regulate other people's pleasures by assuming the function of censor, the almost inevitable consequence is that the morality of a superficial, unreal and hypocritical nature becomes the goal towards which the public is whipped. The County Council being the outcome of popular elections, they represent to a large extent the uneducated masses, and to a very small extent the educated people of society. Consequently, the power wielded by the County Council over so important a factor in the people's ethics as public amusements, tends to abase the whole of the community to the low ethical standpoint of its least educated members. It is not denied that this indirect influence of the masses is exercised with the

intention of furthering morality, but it is here contended that the morality set up as the ideal in this manner is of a narrow, bigoted and hypocritical kind, unworthy to be striven for. It partakes of the ascetic morality we have described, and by falling below the ideal of a great number of the citizens, and by corrupting and confusing public opinion as to real morality, it exercises a retrograde and demoralising influence on the people at large.

When, therefore, we contend that a body, like the County Council,—representing all that is biassed, sectarian, inartistic, unæsthetic in the community,—is the last body in the world that should be entrusted with the power over our taste and our amusement, and that it is absurd to allow them to impose upon us their own narrow standard of morality, we think we shall have the support of a nation that has learned the value of religious liberty.

But, even if the standard of morality raised by the County Council were all that could be desired, the attitude of this body, or of any pragmatical body, towards public amusements would have to be condemned on moral grounds, because the authoritative methods of influencing the public do, and must, tend to results the opposite of those desired. Governments, as well as County Councils, have no other methods of attaining their objects than those which have ever failed since the dawn of civilisation, namely, regulation, inspection and prohibition.

The system works in the following way: First, the regulation is issued as to how people should behave. Though the avowed object is to improve, say, the morals of the whole population, and the new regulation is supposed to apply to private life and private dwellings, as well as to public places, it is from the very outset entirely impossible to enforce the new rules beyond the latter. This is the first failure of official

regulation and an immense one. It is soon found that the official regulations are entirely discarded unless violently enforced. Constant supervision over public places, therefore, becomes necessary. To make such supervision effective when the breaking through of official regulations has passed into a sport involves an enormous personnel of inspectors and a heavier expense than the community is willing to bear. Two ways of escaping from this dilemma invariably suggest themselves to the bureaucratic mind. The first way is prohibition. In order to limit the area to be supervised, public functions and public amusements are prohibited except in a few specially reserved places, where they can readily be subjected to supervision. This involves the granting of monopolies to certain places, and especially to certain people, a sin dear to officialism. By the establishment of such monopolies the officials gain many advantages, such as cheaper administration, less work, and an immense power over a small group of monopolists with large pecuniary resources.

The other way in which the bureaucratic mind overcomes the difficulty of supervision is to make the supervision a sham. Causes are never noticed or attacked, and only glaring effects are prevented or subdued. Inspectors are given a wide margin for the exercise of their judgment, which is largely tempered by the friendliness of the monopolist to the inspector.

Thus the grandiose enactment of the authority which was to render the people moral has utterly failed to produce the hoped-for results. The only good effect that can be pointed to is the prevention of some public scandals, which no one is more desirous or better able to suppress than the public themselves. But it remains to be considered what undesirable results have been produced.

The monopoly system in public amusements, indispensable to all methods of bureaucratic supervision, is in itself an evil of the first magnitude. It places in the hands of a few individuals an immense power over one of the chief educational, moral, and character-forming agencies of the community. It limits the opportunities of elevating pleasure. It prevents by prohibitive prices the large bulk of the struggling population from rationally enjoying such arts as music and the drama, and frequently excludes them from every æsthetic enjoyment. It drives masses of people to satisfy their emotional cravings in drink and debauchery. It frequently causes the stage to be monopolised for unworthy purposes, such, for example, as advertising one special actor, as gratifying the vanity of an influential author, and as displaying the personal charms of a manageress, etc. It precludes free competition in art, and stands in the way of talented young authors and artists.

How real these evils are few can realise, for the simple reason that we have not yet had the example of a country in which the healthy stimulus of free competition, individual initiative, and natural supply and demand, have been applied to public amusements. But judging from the effect of freedom in other branches of human activity, there is much to hope for from Free Trade in Amusements. The same opinions which nowadays prevail regarding the necessity of authoritative supervision over places of public entertainment have been persistently maintained regarding other departments. But wherever government action has been called in to protect the people and to prevent abuses, the results have always been the exact contrary of what was expected.

Experience furnishes striking examples. Before 1844 the opinion prevailed in England which now prevails in so many

other countries, that government protection of native industries would be good for the trade of the country, but when this form of government interference was abolished in England, British trade rose in twenty-five years 600 per cent.

So long as government exerted itself to keep the gold coin full weight, the cutting and filing,—or, as it is called, the sweating of coin,—was a common practice, and seemed to increase in the same proportion as it was visited by heavier punishment. But it entirely disappeared when government withdrew its interference, and left the public to look after the weight of the coin.

So long as government kept in force special laws in order to protect borrowers against high interest, usury flourished to an extraordinary extent, and the most appalling rates of interest had to be paid. But never was so heavy a blow dealt to usury as when the Usury Laws were abolished. In another chapter we have shown that what remains of it is entirely due to government monopoly in banking.

In olden times baking was a strictly regulated government monopoly in most countries, with the object of protecting the poor against grasping bakers, but it is a well-known fact that not only has bread become cheaper and of better quality, but the supply has become more certain and more regular, in the same measure as the competition in baking has become freer.

After the great Plague there was an extra demand for working-people, especially domestic servants, and as they naturally demanded high wages, government was called upon to prevent them from taking what was thought an unfair advantage. For about two centuries government experimented with all kinds of draconic laws, directed against both servants and masters, in the hope of reducing wages, but without the slightest success whatever. On the contrary,

the special legislation seemed to raise the wages, as it drove domestic servants to take up other work.

Many governments have tried to legislate against certain articles of luxury, but the result has always been to bring those very articles into fashion, and to cause the whole population to enter into a conspiracy to break the law and protect the law-breakers.

What has constantly happened with regard to objectionable literature ought to throw a vivid light on the bad effect of government interference with the people's pleasures. Never probably was there a time when less restriction was laid upon obscene literature, and never was there a time when less of it was circulated. Besides, it is notorious that any attempt on the part of the police to stop the circulation of a book or of a paper is an enormous advertisement, which will be constantly courted so long as there is any chance of obtaining it. Government parental supervision in this respect thus, far from purifying literature, holds out a tremendous premium to obscene authors.

Only when we have experienced a period of freedom in public amusements shall we be able to judge to what an extent immorality and obscenity on the stage have been encouraged by State supervision.

Despite all these facts, the old fallacious belief—that only through government control can public amusements be prevented from demoralising the people—will die very hard. Many of the evils monopoly produces are looked upon by the enemies of liberty as advantages. Thus, they will probably say the monopoly in theatrical performances, which bureaucratic meddling invariably produces, is not an evil but a good. It is easier, they would say, to secure a small number of good theatrical managers than a large one, and, when a theatre is a quasi-monopoly, the selection of the

manager is likely to be better than when left to the free action of the laws of supply and demand. Free Trade in theatricals might, they mean, place unscrupulous, irresponsible people at the head of large theatres. Or managers might take advantage of their liberty and produce disgusting performances, or go to excess in the matter of costume, or rather lack of costume, and generally pander to the very worst taste.

All this might seem reasonable to the good people whose faith in the omniscience of the government and the police is unbounded; but what do logic and experience say? When theatrical performances are monopolised by a limited number of licensed establishments, and conducted under strict bureaucratic rules, it is impossible that any one could exercise his talents as a manager without a very considerable capital at his back. The chief qualifications, for example, of a London manager are not knowledge of the drama, literary ability, artistic taste, devotion to duty, but capital. When he is not a capitalist himself, he becomes a creature in the hands of capitalists, and must in the first place be a clever business man. In this way, the absence of freedom tends to bring the wrong man to the front. London's experiences in theatrical performances goes far to show that the present system does not in any way ensure pieces commendable either in one way or the other. The immense number of failures seem to point to the fact that the majority of managers do not understand their business. How else can we account for the fact that so many pieces are put upon the stage at great expense and trouble, only to be recognised even by the gallery gods as utter trash before the curtain has fallen on the first act?

There seem to be all over England managers who have a fatal weakness for bad pieces, and this is all the more aston-

ishing, as invariably those managers make most money who do not pander to bad taste and immorality, but give high-class performances.

From this it should be evident that the bad managers—or the purveyors of low-class performances—can only get a living through the present monopoly system. Under a system of free competition their public would be drawn from them by small performances in all sorts of theatres, halls and private houses, where its tastes would be gratified in the same way as it is gratified in the best managed theatres.

There are theatres in London which are filled every night, simply because a mass of people in search of amusement and excitement have no other place to go to. The theatres are in an immense disproportion to the population, and under the present State-meddling system they will always remain so.

When a considerable number of them have hit upon drawing pieces, the majority of the people who do not care to see pieces twice must do without an evening's amusement, or visit a performance which is far from having their full sympathy. This explains how an elaborate piece may be performed at great expense, may encounter the coldest possible reception from the public, and yet be played night after night to a full house.

The facility with which the monopoly system allows managers to force either objectionable or dull pieces on the public is lamented especially by the working-classes. The managers who cater for them are of course business men, and bring naturally all their business shrewdness to bear on their enterprise. A general principle of business is: avoid risks, and let your profits run on. And this, applied to a theatrical manager, means that if one drama succeeds, keep on playing the same class of dramas so long as it pays. He does so, and public taste is at a standstill. Moreover, as

under the monopoly system the dramatic and literary value of a piece counts for little, while sensations and advertisements count for everything, pieces—especially those intended for the working-classes—are often written round some sensational incident or scenery which lends itself specially to advertising. How is it possible that such pieces can fail to degrade the drama? There can, therefore, be no doubt that monopoly is no guarantee against bad performances, and that managers, as well as authors, abuse it to the fullest extent.

It is of course the abuse of liberty in public amusements, as in many other matters, which the majority of people would fear. This fear of liberty, the cause of innumerable evils in so many countries, can only be explained by the tendency in most human beings to accept their opinions from parents and other authorities without using their own judgment. Perhaps the helplessness of childhood, and the habit acquired from youth upwards to lean on somebody, go far to explain it. The authoritative teaching of religion, and the acquirement of many scientific facts by memory instead of conviction, have no doubt fostered distrust in their own reasoning powers in the great majority of minds. That the fear of liberty is communicated from generation to generation by teachings and example, and that it is not inherent in human nature, is amply illustrated by experience. The love of freedom is the leading theme in the poetry of many nations, especially in those which have suffered bondage. The same love was ever the greatest obstacle met with by despots and ambitious statesmen. The deprivation of liberty is considered one of the most dreaded punishments that can be inflicted on prisoners, and to regain it they will run the wildest risks. In the defence or conquest of national liberty a people will sacrifice all, including their own lives and the lives of their best beloved.

Nor does experience justify any fear of bad results from liberty in practical affairs. Most nations have prospered to the same extent that they have enjoyed liberty, and in every country trade and industry have suffered with the application of every State-meddling Act. It is an acknowledged fact that literature, the arts and the sciences, have never flourished without the tonic of freedom. The assertion, were it true, that the finest music has been composed under despotic governments, would only prove that in the absence of freedom the aspirations for liberty find their expression in the language that necessarily escapes the censure of the police.

As to the healthy influence of liberty on morals, the whole of history testifies to it. The subjection of a nation to a despot, the ruling of one people over another, the bondage of one class or one race under another, the domination of a priest-craft—all this has always led to the demoralisation of the subjected people. The proud Hottentots acquire all the attributes of the slave when held in bondage. The Jewish race, which in a thousand ways has proved its superiority in the past, has, in many countries, sunk by persecution, and especially by being deprived of even the commonest liberty, into a state of degradation low enough to bring upon itself an universal contempt; and when the Jews are admitted to the enjoyment of freedom, the great qualities of this people speedily re-assert themselves. The peasantry in such countries where serfdom never existed, as in Scandinavia and Switzerland, ever exhibited nobler virtues—at least until the modern tyranny of capital influenced them—than the peasantry that for centuries depended on feudal masters.

If we pass from nations to individuals, we again find that those who from childhood have been trained without

compulsion and restraint always possess a stronger sense of responsibility, and a greater power to resist temptation, than children of tyrannical and excessively strait-laced parents.

In face of such a mass of evidence in favour of the healthy influence of freedom, it is impossible to attribute the popular fear of Free Trade in Amusements to anything but those unreasonable prejudices which so frequently are taken as a heritage from preceding generations.

And what are the dreadful things that would happen in case the British people were allowed to manage their own amusements free from the interference of government, police, county councils and the public censor? However black these consequences may be painted, we hold it impossible that a picture of them could be more frightful than that of the consequences once expected from religious liberty. There was a time when the suggestion of such complete religious liberty as we enjoy now would have caused fanatics to predict that Christendom would disappear, that the heathen religions would be revived in aggravated forms, that devil-worship and magic would spread like wild-fire, that clever swindlers would, as anabaptists and false prophets, induce the people, with religious orgies and riotous rites, to raise their high priests to quasi-divine power, that the advent of the Anti-Christ would be a common occurrence, and that destruction of all good feeling, decency and moral sense would lower the nation to the level of brutes.

But none of these terrible predictions have been fulfilled. If among England's 120 sects some extraordinary but after all harmless superstitions have been cherished, such as, for instance, the mania of Joanna Southcote, religious liberty has, on the other hand, brought about an earnest-

ness in religious matters which was unknown before dissent began, and even the Church of England has benefited and improved since the rivalry of the new sects has caused a considerable revival of religious zeal among the clergy of the Established Church.

The evils dreaded from Free Trade in Amusements are far from being as distinctly predicted as were those expected from religious liberty, and, if we succeeded in focussing them, it would be found that they would chiefly consist in the difficulty of supervision. If we only bear in mind that in a state of freedom, supervision becomes superfluous, as there would be no regulations to observe, all the main difficulties disappear.

One of the chief objects of regulation and supervision is to safeguard public morality. The reason why such supervision has up till now been considered necessary will be found, on investigation, to consist exclusively in the old supposition that the people cannot behave decently except under authoritative compulsion. It is astonishing that such a libel upon the British nation has not called forth the severe rebuke it deserves. All thinking observers, and not least foreign visitors, who ought to take an unbiassed view, are struck with the order, decency and cheerfulness which prevail wherever masses of English people congregate: at political meetings, where thousands meet in one hall, at public festivities or processions when miles of streets are densely packed; nay, even when excitement runs high, as at political demonstrations, shipwrecks, the British people know well how to restrain themselves without any compulsion whatever.

The argument of the advocates of coercion is that though the English people have shown themselves proof against other forms of excitement, they cannot be trusted in select-

ing decent amusements. Here the question arises, Which section of the people cannot be trusted? The working-classes, or the wealthy classes? As to the former, they are the very people who have voted for such of our County Councils which make the greatest public display of morality. It is the working-classes that patronise the theatres where the most decorous pieces are given. Anybody who has heard the hearty way in which the virtuous hero and heroine are applauded in a Drury Lane drama, and the hisses rained down upon the unfortunate actor who takes the part of the villain, can have no doubt as to the sense of morality among the English working-classes. And in such places where police supervision does not reach, in the houses of the people themselves, do we there find liberty abused in order to gratify immoral cravings?

Misgovernment, and the poverty it brings about, unfortunately compel people and families to huddle together in one house, but it will generally be found that as much decency is observed as circumstances will allow, and it is hardly ever the case that, on occasions of rejoicing in such houses, the amusements deliberately take the form of indecent debauchery. Even in such deplorable cases where young people of both sexes have to share the same bedroom there is far less immorality than could be possibly supposed. And, in spite of all this, it is taken for granted that if these classes were allowed to manage their own amusements they would create and attend Pandemonia of profligacy and debauch. It is coolly supposed that the people who in private life do their utmost to respect the tenets of morality and decency would at once throw away their self-respect and sense of shame to such an extent as to countenance indecent public performances. Only inherited prejudices can account for such utterly illogical conclusions.

Or, is it the upper classes, those who now fill the stalls at Operas Bouffes, who are expected to be the patrons of degrading public performances as soon as the police supervision is withdrawn? The life in English upper-class homes and country seats where often many congregrate, and where not seldom performances are given, do not furnish any pretext whatsoever for such suspicion. Among wealthy young men about town, busily engaged in sowing their wild oats, there may be many who, in their feverish quest of pleasure and excitement, would take but little heed of decency. But, as a rule, it will be found that even these will show far greater self-restraint when taking their pleasure in public than they would if driven by strict regulations to seek excitement in hidden places beyond the public ken. The more attractive performances, under the Argus-eyed public can be made, the less will secret dens of corruption flourish.

Our opponents would no doubt be ready to furnish a list of more or less imaginary evils if Free Trade in Amusements were introduced into the United Kingdom. It would be impossible here to anticipate them all, but we shall instance one or two of the worst. They would say: If anybody could give public performances, every public-house would be turned into a theatre, a dancing-saloon, or a music-hall. Given that public-houses were connected with theatres, or other places of amusement, where would the evil be? Hosts of English people who have visited the Continent speak with admiration of the good effect produced on the people by public establishments where, for an extremely moderate entrance-fee, a good performance can be witnessed, or good music listened to, while but a minimum of refreshments is indulged in. Why should not the combination of entertainment and refreshments produce the same effect in England? Here, it will be objected, such a thing would lead to riotous conduct and

low life. Our reply is, that where such evils have been witnessed they have always been in connection with establishments holding a monopoly in virtue of State regulation and supervision. Under a free system low places of amusement would have no chance whatever, because people of great capacity and small resources would be able to oppose them by ruinous competition. The greater part of the public would always prefer the least low form of entertainment, and the proprietors of the lower ones would not have a sufficient support to keep them going. Just as monopoly tends to degrade the public taste by low performances, and the degraded taste again encourages low performances, so freedom, opening the field for the selection of the fittest, ennobles the public taste by improving performances, and the ennobled public taste encourages in its turn the improvement in performances.

The fear that by rendering public amusements too attractive and too cheap we might tempt the people to waste their substance in pleasure to the detriment of happiness in the home is as groundless as any other fear of liberty. In such countries as France and Germany, where public amusements are good and cheap, the people are thriftier than in any other countries. In Russia where public pleasures are scarce and bad, the people will, when they have any money, waste it on the silliest show imaginable. There is nothing strange in this. All dwellers in squalid homes, and for that matter every human being, will carry away from an artistic performance in an attractive public place a strong desire to improve his surroundings, and to bring his home-life more into harmony with his ideals.

Another objection which is sure to be raised against Free Trade in Amusements is that nudity would be resorted to as an attraction by unscrupulous impresarios. This objection

is partially met by what has already been said, but it may be added that the nude is not attractive unless it is artistically represented.

The word 'artistic' should here be taken in its widest sense. Thus, nudity represented in a corpse, or displaying disease, decay, deformity, or uncleanness, is as repulsive as anything can be. There is a line which neither antique nor modern artists have infringed, where ennobling admiration is supplanted by depressing shame and self-contempt, and this line limits artistic licence. It is, therefore, not nudity alone which constitutes the most demoralising pictures and representations, but rather its employment as an accessory in compositions conceived in an impure spirit. The spirit in which a work of art, or a representation, has been produced is, as we have already remarked, beyond the censor, or the police. The more artistically the nude is represented the more it loses its corrupting influence, and may even be applied in art with the most elevating results.

Besides, it should be borne in mind that when the country advances into freedom in every department, the poverty and misery, which in the United Kingdom are the chief causes of feminine depravity, will disappear, and it will not be easy to induce Englishwomen to take part in any performance that would involve the sacrifice of their respect and the esteem of their friends. Free competition in public performances would certainly lessen the number of such men as are lured into the many vile haunts now flourishing in London and other big cities in spite of regulations, supervision, and prohibition. Though, under a free system, some immoral performances might take place, the fact of their being public and permitted would render them less degrading than existing dens of debauchery into which many people now venture, relying on their incognito.

But our opponents object to Free Trade in Amusements not only on the ground of what might take place on the stage, but also on the ground of the people's behaviour in the auditorium. To judge by recent events there seem to exist persons whose minds are so constructed as to believe it conducive to public morality to prohibit the serving of refreshments, especially intoxicants, in spaces purposely set apart within the auditorium of a theatre, while such sale in an adjacent room may be allowed without any loss. It would not have also that no space for moving them going. Just as monopoly term is, should be the public taste by low performances, and ment degraded taste again encourages low performances, so freedom, opening the field for the selection of the fittest, ennobles the public taste by improving performances, and the ennobled public taste encourages in its turn the improvement in performances.

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decision might or might not be accepted. If the decision of many eminent medical men were accepted, common justice and Christian charity would compel more consideration for fallen women; and if, on the other hand, the views of many clergymen and of our purists were found correct, or were at least generally accepted, then it would be time, but not before then, for the County Councils to act. But even then they would have no excuse for proceeding in the manner planted by depr[illegible]namely, by attacking with a great deal of line limits artistic licence. [illegible]rt, and Pharisaism, an isolated alone which constitutes the most deme been attacked. representations, but rather its employment as eradicate the in compositions conceived in an impure spirit. The spirit in which a work of art, or a representation, has been produced is, as we have already remarked, beyond the censor, or the police. The more artistically the nude is represented the more it loses its corrupting influence, and may even be applied in art with the most elevating results.

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impute selfish motives to the heroes of the 'Empire' case. We are glad therefore to acknowledge that they have been actuated by a desire to purify London places of amusement. 'The question is,' they have proclaimed, 'whether London shall still have pure places of amusement or not.' We beg to say, however, that this is not the question at all. It could never be a question for the London County Council, and far less for a clique of illogical [redacted]. The chief question raised by the 'Empire' incident is whether the English are to remain a free nation or not. Then it raises a host of other questions, many of which have been discussed here; but whether London is to have pure public amusements, or not, is a question that should be solved, and under any circumstances could only be solved, by Londoners themselves.

Complete freedom in amusements should, however, not be introduced at once, but should be the final goal at which we should aim, and part of an Individualist system. Each step in the right direction will prepare the ground for the next; and, if backslidings are avoided, Free Trade in Amusements will be achieved without any of the awful consequences imagined by many of our hysterical contemporaries.

IX

FREE TRADE IN LAND

THOUGH the Land Question is as old as history, it is only in comparatively recent times that it has become one of the problems pressing for solution. The increase of the population, the rapid rise in value of coveted estates and land-plots, and the improvements in agriculture, would have rendered the ownership of land a burning question much earlier than was the case, had not the immense resources of land in our Colonies allayed the fear of overcrowding.

When emigration from the United Kingdom began to assume the proportions which this century has witnessed, the whole nation was amazed at the reports of the vast expanses of rich virgin soil, eminently suitable for cultivation, which in our Colonies awaited the cultivator. Canada, Australia, and New Zealand presented geological and climatic conditions corresponding to those of the mother country, and the lands in these regions were sold at ridiculously low prices when they were not actually given away. While in Europe the Malthusian theories had rendered over-population a plausible problem, in our Colonies the question was how to increase the population.

The development of our Colonies contributed in other ways to retard the advance of the Land question. It was observed, with great satisfaction, that the huge territories of fertile soil in our Colonies would tend to render these

agricultural States, and it was naturally supposed that they would supply themselves from England with manufactured goods; all the more so as the development of manufacture in England could not fail to secure for our Colonies high prices for their products. The suicidal Protective policy, adopted by some of our Colonies, was not anticipated. With a prospect, therefore, of a constantly growing supply of cheap food from the new States of the Empire, and with an as constantly growing demand for British goods in new countries capable of almost boundless development, the British nation could regard with equanimity the rapidly increasing price of land. A natural division of labour between the different parts of the Empire was expected in which the United Kingdom would have the manufacturing allotted to itself. As, despite the rise in land in Great Britain, there was no fear of its scarcity for manufacturing purposes, the Land question attracted but little attention.

But the unexpected turn taken by the development of the Colonies gradually caused the Land question to assume a different aspect. When colonial farming began to yield less profit, when the high wages to labourers began to decline, when emigration fell off, when, in short, a dull stagnation replaced the intense growth of activity which characterised the birth of the colonial commonwealths, the hoped for healthy co-operation between them and the mother country threatened to remain a pleasant delusion. The stagnation in the Colonies was not regarded as temporary, but as the natural and inevitable drawback of our civilisation. Strange to say, our statesmen and our economists accepted with equanimity what appear to be the results of the increased population in our Colonies as such, though these were at variance with logic and the unquestionable laws of Political Economy.

The high wages, the intense demand for labourers, and the large profits which characterise the first stage of development in a new country, actually changed into sweating, scarcity of work, and losses, under the application of the best possible known stimulants to prosperity. Railways, telegraphs, ports, perfected implements, increased capital, and improved tribunals, above all, a better organised division of labour, made possible through increased population—all these powerful stimulants to prosperity resulted in stagnation. And yet a desire to explain this astounding anomaly was roused neither here nor in the Colonies. The existing Collectivist prejudices, and the spurious economic reasoning they have induced, caused individual liberty to be blamed. The only remedies suggested were of a Socialistic nature utterly inadequate, and acceptable even to Collectivists as realisable only centuries hence.

When farmers and farm labourers were told that farming did not pay in the Colonies, where hundreds of millions of farms might be created; when working-men found that they were not wanted in countries where Providence had created a practically boundless scope for labour; when capitalists by dear experience had learned that nothing but gold and silver mining would pay in the Colonies; when British products were shut out from our own dependencies; and when the thousands of millions of natural wealth heaped up by nature in the new territories became inaccessible—the people of Great Britain naturally began to inquire how they could best provide for themselves and their descendants out of the small resources of land and minerals contained in these islands.

The population of the United Kingdom kept increasing, and when the people had been talked into abandoning the idea of a harmonious co-operation between the integral parts of the Empire, the question naturally arose how the extortions

on the part of landlords could in future be prevented when the population increased in geometrical ratio and land did not increase at all. Old theories regarding the exceptional nature of property in land as compared with other property assumed apparently vital importance. The fact is, that public attention, which in this manner was naturally drawn to the Land question, encouraged those who conceived and began to propagate the idea that private ownership in land was at the root of all the economic anomalies of our time.

It is not surprising that such a school of thinkers should have arisen. Our economic system had shown a strong tendency to make the rich richer, and the poor poorer, and when, after the abandonment of the Individualist programme, the predictions of Cobden and Bright regarding prosperity appeared to have failed, it was natural that all political sections wanting political reforms should look for the cause of stagnation and poverty in such institutions as appeared to favour the wealthier classes exclusively. It came to be considered that not only our peculiar legislation regarding the tenure of land, but that even private ownership of land, were the means by which the wealthier classes of the country were enabled to tax the others on a scale which was bound to progress as the population increased.

Strange to say, it was in the United States, in the country of immense resources of unutilised land, that the prophets of the Land Nationalisation sect arose. Mr. Henry George set himself the task of solving a problem which already was before every thinking mind throughout civilisation—namely, why progress should increase poverty? The singular reasoning by which he arrives at the conclusion that private ownership in land is responsible for the bulk of the evils of our civilisation need not be refuted here.

It will suffice to point out that, in reviewing other features

of our civilisation with the view of ascertaining whether they are conducive to poverty, he disposes of the all-important subject of the supply of capital to labour in a few pages, and comes to the astounding conclusion that there is no scope for improvement in this direction. And this in the United States, where certainly the banking system and the monetary institutions can be proved an absolute obstacle to that prosperity of the American masses which is natural to the resources of the country.

No one can fail, when studying the Henry George theories, to be struck with two important facts: firstly, that all that can be said against private ownership in land applies to private ownership of capital; and, secondly, that any man who owns capital may purchase land, and that consequently the ownership of land is one form of that tyranny for which capital is blamed. These facts would not be denied by the more intelligent members of the Land Nationalisation party. But it is because they are not prepared to vote for complete Socialism that they would refrain from nationalising the whole of the capital of the country.

In attacking private ownership in land, arguments are lavishly used which, for lack of a better name, we may call sentimental arguments,—that is to say, arguments drawn from abstract justice, the rights of man, philanthropic impulses, and religion. In politico-economic discussions they are entirely out of place. The object of such discussions should be the precise and clearly defined one—the greatest possible prosperity for all the individuals in the State,—and when this object is agreed upon, the means by which to achieve it should of course be selected according to their effectiveness. If just, charitable, and religious people assuage such evils as will always exist even under the best economic system, they are prompted by motives which cannot pos-

sibly fall within the range of economic science; but if their motives are sincerely just, charitable and religious, they could not conscientiously vote against an economic system which is the most effective one in producing prosperity for all.

When therefore we are told that the Creator intended the use of the land, like the air and the water, for the use of all; that each citizen ought to have an equal right to the land; that living on a plot of land, however small, is conducive to a moral life and a love of nature; that a title upon which some of our noble families have held their lands for hundreds of years is not in harmony with moral rights, and perhaps not with legal rights; that large estates have by past sovereigns been granted in an unjustifiable manner, and even sometimes in payment of immoral services; that the Christian religion demands that those who possess more land than they require should give at least such lands as bring them in nothing to those who stand sorely in need of land—when we are told all this, and much more in the same strain, we should bear in mind that we are not called upon to decide ethical, moral and religious questions, but to find out the most expedient manner in which the prosperity of all may be furthered.

If abstract justice, charity towards certain individuals or a certain class, or a historical Nemesis, be the object of a Land Reform, it might no doubt be attained, but only by sacrificing the prosperity of the people at large, or by making the happiness of the masses a secondary consideration. The advocates of Land Nationalisation, and of such measures as are to pave the way for it, do not take up this logical ground. As it is impossible to find sound economic reasoning against the system of private ownership in land, and as such pseudo-economic arguments as have to do service for it are

weak and unconvincing, the sentimental arguments are made much of.

Such methods of reasoning are often effective, because appeals to sentiment, be they good or bad, are always apt to tell more with the masses than logical deduction. But sentimental reforms, carried in opposition to logical deductions, have never achieved, and can never achieve, the desired object.

We here take for granted that any reform in our legislation regarding the tenure of land should aim exclusively at the greatest possible prosperity for all, and the question we have to reply to consequently reduces itself to this: Is private ownership in land conducive to the prosperity of the masses or not?

To arrive at a satisfactory reply we must, firstly, ascertain whether any other form of land tenure would better achieve the object in view than private ownership; secondly, whether the evils attributed to private ownership are actually due to it.

The first question which arises is: What would take the place of private ownership of land in case it were abolished? There is only one other alternative, that the land should be owned by the State. At first sight, collective ownership by the commune might appear as a third solution. But, as the management of the land by the commune would have to be enforced and supervised by the State, it amounts simply to one particular form of State management. The Anarchist theories regarding the land are far too hazy to be rationally discussed, but, as far as they have been hinted at, they seem to involve at least temporary private ownership. We have therefore simply to examine whether the ownership of the land by the State would benefit the masses more than private ownership.

Our Collectivist opponents are in the habit of starting from a postulate which is extremely convenient in so far as it takes for granted exactly that which should be proved. They draw no distinction between the government, the ruling officials, and the collectors and consumers of the taxes on the one hand, and the governed, working and tax-paying people on the other. In this way they do not solve, but simply spirit away, a seven-thousand-year-old problem of government. By assuming that the people and the government are one, there can be no question of discussing the relations between the two, and if such a merging of two opponents were possible, there would be no necessity to further discuss any political, economic, or social problems.

As, however, no one has yet found, or is likely to find, any practical method of realising the hocus-pocus reform which the Collectivists take for granted, we have to face the stubborn fact that the tax-consuming government will always remain the natural opponent of the tax-producing and tax-paying people. This antagonism in no way disproves, but rather confirms, the economic axiom of the solidarity of humanity, because the free play of economic forces which alone can demonstrate the truth of this axiom is violently disturbed in exact proportion as the power of the government over the individual is increased.

It is no wonder, then, that all human experience so far has demonstrated that only by increasing as far as possible the control by the individual over the government, and by reducing as far as possible the control by the government over the individual, can the advantage of the individual be secured.

The Collectivists, by not distinguishing between the nation and the government, arrive at the opposite conclusion, in taking it for granted that by increasing the power of the government over the individual his advantage can be

secured. In the same manner they suppose that what is given to the government is given to the individual, and it seems to them quite natural that if all the land be given to the government it has been given to the masses.

Before examining what the application to land of such principles would lead to, it will be useful to show on general grounds how erroneous they are. We need not here consider the only alternative in which these principles are rendered capable of practical application, namely, in case of the government owning or disposing of everything in the State, including the working power of the people—that is to say, in case of complete Socialism. As already pointed out, complete Socialism cannot be discussed from a politico-economic point of view, as it would be the embodiment of the principles of Domestic or Patriarchal Economy. What we have to consider are the consequences in a comparatively free system—such as the bulk of our Collectivists hope to maintain—of allowing the government to collect a large proportion of the wealth owned or produced by the people, in order to disburse it for the benefit of the people.

We have already in this work shown that both of these operations exercise a ruinous effect on all productive trades; we have shown that every penny added to the taxes not only diminishes the capital in the hands of producers, and vitiates the proportion between the supply of labourers and the opportunities of work, but also discourages enterprise, raises the cost of production, facilitates foreign competition, alarms capital, and reduces consumption. We have also shown that the spending of capital by government and municipal bodies produces an equally bad, if not a worse, effect on trade. Each penny spent in this manner reduces in exact proportion the production, or else the value of the production, of the people of the district. For clearness' sake we reiterate

an illustration already given, by pointing out that spending capital on the part of the authorities, even when brought into the district, produces the same paralysing effect on other industries as successful gold-mining would do: it renders gold cheap, and consequently everything else dear.

If this be granted, it will be evident that capital taken from the people would indeed be to deprive the people of it, and at the same time to inflict upon the individuals the more considerable indirect losses which we have shown the operation to entail; also that there is no way in which the once collected capital could be returned to the people, without reducing production and creating poverty to an incomparably larger extent. The fearful ruin which would follow through the government collecting the enormous amount which all rents for land and buildings represent, and again throwing all that capital on the market, may therefore be readily imagined.

That the accumulation of large funds in the hands of the government, and the dependence of the people on such funds, are a danger to the State and the last stage of its political existence, has been fully recognised by historical authorities, and confirmed by recent economic investigations. It is only since the universal retrograde movement towards Collectivism set in that these facts, and the historical events which corroborate them, have been ostentatiously ignored. What sincere historian, however, will deny that the Roman Empire was doomed when its government undertook to supply the masses with bread and games? The fall of Rome, like that of other Empires before it, has been glibly attributed to corruption, and moral decay consequent upon the accumulation of wealth. Read in the light of rational Economy, history teaches a different lesson. It shows us that the accumulation and consumption of wealth were not

in themselves the causes of decay, but that the manner in which the wealth was amassed and distributed was alone responsible.

The wealth consumed in that city during the period of its decay was only in a very small proportion produced in Rome, or in the surrounding territories belonging to the citizens. The bulk came to Rome and other large centres in the shape of tributes and taxes. While the presence of huge masses of the precious metals rendered any production for export impossible, the channels through which the accumulated wealth reached the people were necessarily corrupting. Men of political influence, court favourites, government officials, and wealthy usurers, were the people who came into possession, in the first instance, of the imported wealth. The only way the destitute people could attain to any part of it was by ministering to the wants, the pleasures, the vices of the purse-holders. It was inevitable that such an economic system should exercise a corrupting influence on politics, administration, morals, literature and art, and there are innumerable proofs that this was the case.

The warning which the downfall of the Roman Empire proffers is by no means isolated. From the antique despot Nero down to Mr. Harrison, President of a democratic Republic, history bristles with illustrations of the fact that accumulation of wealth in the hands of the government for the use of the State is a cause of economic stagnation and corruption against which no constitution, no natural circumstances, however favourable, and no racial qualities can protect a State.

Let us now examine the actual immediate benefits which our Collectivists hope to evolve from a plunge into the most State-destructive system history records, at the very stage of

our national development where circumstances, alarmingly similar to those which have driven previous Empires into the road of ruin, tempt us to reiterate their mistakes.

If the State has the monopoly of the land, the immense capital which now flows from the land through thousands of channels, to diffuse itself among the people, would be diverted into one channel feeding the government reservoir. Consequently there would be an enormous diminution of capital in the hands of all trades and consumers, which could only be made good by supplies from the government reservoir. There would be a mass of government institutions, government works, government *employés*, and millions of government labourers, all of which would be entirely dependent on the Budget. The prosperity of the whole nation would to a very large extent be dependent on government expenditure, and there would be as great, if not greater, difficulties in balancing the Budget than now. The whole people, with the exception perhaps of the farmers, would demand, and justly so, that the revenue from the Land should be as great as possible. It is, therefore, absolutely certain that the government would be under the obligation to let the land at the full market value, because any other price would be deliberate robbery of all the non-farming classes.

The first question, therefore, which a land-owning government would have to decide would be: What system of letting would be most favourable to the nation, and most financially effective in view of the heavy expenses? Not only the country at large, but even the occupiers of land themselves, would insist that the land should be in the hands of those who could best use it. Only folly, or criminal favouritism, could under such circumstances deprive an able and industrious farmer of the land he requires, in order to give it to an incapable and thriftless one. All the non-farming popu-

lation, and even the farm-labourers, would suffer enormously from such folly or such corruption.

No one will probably dispute that the only practical way of distributing the land—the only way which would satisfy the people, do justice to the farmers, and screen the officials from the charge of corruption—would be by letting the land to the highest bidders. Consequently the Nationalisation of the Land could not possibly free our farmers from what they look upon as the evils of competition, and from rents based on the market value. On the contrary, the competitive system would at once assume its harshest features, because none of those advantages would be possible which occupiers now derive from such considerations as are peculiar to the land-owners in the United Kingdom, but completely absent in a land-owning government. The holding of land in these islands is not a paying business, but confers sufficient personal advantages, social prestige and political influence, to compensate for the pecuniary sacrifices the owning of land involves. These circumstances, as well as the probability of a future rise in the value of land, induce the British landlord to be satisfied with an interest on his capital which an ordinary capitalist would consider ruinous.

The British land-owners, being able and willing to receive but a low interest on their capital, often place other considerations before revenue. Family traditions, the desire for popularity, the wish to extend their political influence, their feudal pride in the prosperity of their tenants, personal friendship towards the farmers, and many other similar considerations, materially influence a great number of British land-owners in their relation to farmers.

If the land were nationalised, the farmers would have to deal with officials whose duty it would be to obtain the highest possible rent the market would allow, and who, if

they were honest men, would not show any favour to any farmer, however much he needed it or deserved it, and, if they were dishonest, would subject the occupiers of the land to a system of bribes.

No reasonable man could, therefore, believe that the Nationalisation of the Land could possibly benefit the farmers.

The other classes which State-ownership of land is intended to benefit are the farm-labourers. But the Collectivists will agree that the prosperity of the farm-labourers is entirely dependent on that of the farmers, and that a system which increases the rents and submits the farmers to greater penury would re-act disastrously on the labourers.

Who is, then, to benefit from a reform which, while it is nugatory to both farmers and labourers, would tend to ruin utterly our manufacturing and export trade, and jeopardise the very existence of the State?

We have now to consider the supposed disadvantages of private ownership in land. The theory of the advocates of Land Nationalisation is that the supply of land in the world being limited, and the number of human beings being constantly on the increase, those who have secured an exclusive right to the land would be able to charge a rent equal to the nett productiveness of the land, less the bare living of the occupier, or else the full difference between the productiveness of rich, fertile lands and that of poor, uncultivated lands. If this theory held good under all circumstances, the value of land in Great Britain and Ireland would have risen considerably in value during the time which has elapsed since that theory was formulated. But, much to the confusion of the Land Nationalisation party, the value of land in Great Britain and Ireland has not risen but fallen. In some parts of England at this moment it seems valueless,

and in many cases where rents are regularly collected they are paid in virtue of old contracts and out of capital, but do not represent a profit on the value of the land. Actualities thus suffice to prove that the above theory does not hold good under all circumstances. The question, therefore, arises under what circumstances would such a theory hold good?

It would hold good when all land suitable for cultivation has been appropriated, and when all the landowners are willing and able to combine and form one huge Land Ring. In view, then, of the facts that Europe, and, to a far larger extent, America, Asia, Africa, and Australasia, contain enormous expanses of unutilised land, sufficient for at least a hundred times the present population of the globe, that the productiveness of land can be developed by scientific culture to a point to which the average cultivation in the world has only fragmentarily attained, and that the rate of the increase in the populations of the world diminishes as civilisation advances and wealth augments, the time when the demand for land will exceed the supply must be very far off indeed. If after a thousand, or, let us say, some hundred years hence, there were to be an actual scarcity of land, it is surely just that the people who then live should take in hand any adjustments that circumstances then may demand. Can anything be more absurd than to plunge our industries and all our working-classes into extreme misery, and to jeopardise the existence of the Empire and our national independence, in order to save to the people who will live in this country centuries hence the trouble of an administrative reform. Our descendants in that far-off future will be better able to cope with the difficulty than we can do now, as they will have the advantage of being face to face with its actual features. It may, we think, therefore be taken for granted

that all sensible people will attach but little importance to arguments based on difficulties centuries ahead.

The advocates of Land Nationalisation seem to be at one with us in this respect: for they do their best to ignore the stupendous land-reserve in our dependencies, and to concentrate the attention of their followers upon these small islands where an actual scarcity of land promises to arrive within a calculable period. They are prone to argue that the man born in this country should not be obliged to go into our dependencies in order to create a homestead for himself and his family. Such emigration, they say, involves a painful desertion of the native village, and at least temporary separation from relations and friends, a dangerous voyage across the sea, and a risk of not succeeding in the new enterprise. According to some of our politicians, a good government should save enterprising citizens from such pangs and risks.

It is surely not necessary to go into a minute refutation of such reasoning. Is not the life of the great majority of the people full of incomparably worse pangs, and must not millions expose themselves, not only to risks and dangers, but to certain loss of health and life? What would become of a government that undertook to provide for a nation without asking for daring, enterprise and energy on the part of the citizens? If every Englishman had a right to be provided with a farm in England, why should not every Londoner ask for one within the boundaries of London? The difference of the two follies is one only of degree.

Besides, it is a well-known fact that, of all nations in the world, the English is the last to object to travel, adventure, enterprises abroad and risks. If there is a lull in emigration at present, the cause is evidently not the Englishman's, the Scotchman's, or the Irishman's love of his village, or his

distaste for emigration. There are plenty of causes of a more potent nature, such as misgovernment of the Colonies, the improbability of making a settlement abroad pay, and want of capital.

Then there is the argument of the unearned increment. It derives its only force from the utterly fallacious supposition that one man's gain is necessarily another man's loss. Our opponents are in the habit of representing the total amount of rent paid to British landlords as so much money taken from the producing people. Here, again, the law of the solidarity of humanity is entirely overlooked. The fact is that the interests of the landlords and the tenants are naturally identical, and are so to a large extent *de facto*, even under our present economic system, which tends to make them antagonistic. When the farmers have good crops and good profits, the landlord receives his rent regularly, his land improves, good tenants remain on the ground, and when contracts fall due they can be renewed at a higher rent. In the same way anything that causes a loss to the farmer involves a loss to the landlord sooner or later. Though there are any number of examples of landlords who have disregarded the true interests of their tenants, these landlords have found, as a rule, that they have injured their own interests.

When landlords have been able to tyrannise over their tenants and impose harsh contracts upon them, this has invariably been due to the fact that there have been more tenants wanting farms than farms offered—a state of affairs which would be utterly impossible if the immense tracts of land in our Colonies were fairly in the market. It stands to reason that so long as there exists within the Empire an unused reserve of fertile land within the temperate zones, so long would the farmers be able to dictate terms to the

landlords, if there were no obstacle placed in the way of the utilisation of that reserve.

If, therefore, landlords are able to make such contracts with their tenants, or to let the farms on such loose terms as permit them to confiscate the tenants' improvements, this is by no means an evil peculiar to the private tenure of land. It is only one of the hardships which are constantly arising out of a vitiated competitive system. The money-lender robs the borrower, because the competition for the money he has to lend is intense; the sweater appropriates the bulk of the earnings of the be-sweated, because the competition for the work he has to give allows him to do it; the middle-man taxes heavily both the producer and the consumer, because the competition for his money, credit, and services makes him master of the situation; the tenement-proprietor can overcrowd his cellars and garrets at exorbitant rents, because the competition for cheap lodgings enslaves his tenants.

The British or Irish small farmer who, by his circumstances, is compelled to take a farm without a contract, or else one in which he cannot protect his improvements, reserve his right of sale, or stipulate a reasonable rent, is in exactly the same position as the hundreds of millions of poor creatures all over the Empire who from sheer poverty are at the mercy of somebody.

In face of such glaring proofs, from every part of the globe where British influence is extended, of the fact that the relation between capital and labour, which ignorance in olden times instituted, and which prejudice in modern times upholds, involves injustice and hardship for those who do not possess capital, it might fairly be expected from our politicians and reformers that they should remove the fundamental cause of all these evils, and not advocate patch-

work legislation against one category of the results. But, unfortunately, it is a characteristic of modern legislators to shun first principles and fundamental causes, and to legislate for every separate result of some great general cause.

The unearned increment is by no means dependent on hard contracts and unfair dealings with tenants. The natural development of the country constantly tends to raise the value of land, and the most humane and most generous landlord may see his wealth increase without himself moving a finger for the purpose. It is easy to persuade the farm-labourer, with a household of seven or eight and a weekly wage of twelve shillings, that the growth of another man's income by hundreds a week is one of the causes of his poverty. Most people are in the habit of looking upon wealth as so many golden sovereigns, and it seems natural to them that as the sovereigns cannot be in two places at once, the more the plutocrats have the less the struggling class must have. It is no wonder then that unscrupulous agitators, as well as many well-meaning politicians, writers and clergymen, should wax eloquent on the evils which befall the poor through the amassing of fortunes by the wealthy. These good people are confirmed in this opinion by their primitive views regarding wealth. They generally look upon it as huge masses of worldly goods in the actual possession of the rich man. It seems so natural to them that if a few men monopolise most of the desirable things of the world there must necessarily remain little for the rest.

This idea, of course, is greatly at variance with actuality. The wealthy man, as a rule, has a very small portion of his wealth under his own control. The larger portion of it, that which yields him an income, he invests—that is to say,

he allows it to go out in the world against a small remuneration,—to serve as capital to those who are engaged in productive work, or businesses connected with it. As it is undeniable that the power of production of a country depends to a large extent on the amount of capital it can apply to production, every pound thus invested facilitates the work of the producers—that is to say, it increases profits and raises wages.

Thus, a capital of ten thousand pounds may, in the hands of a good business man, induce a productive undertaking capable of giving employment to three hundred workers, who, without this undertaking, might find it difficult to obtain any work at all. If the average wages paid are thirty shillings, the amount that goes to the workers is about seven thousand five hundred pounds, representing the benefit the workers obtain from the judicious investment of the capitalist. If the employer's turn-over is renewed ten times a year,—which, with the assistance of banks is quite possible, and each turn-over yields a profit of 3 %, the manufacturer makes a profit of thirty thousand pounds.

Of this he probably invests the larger part in similar business, thereby causing a greater demand for workers and higher wages, provided that no defective legislation in the country vitiates the course of business. In this manner the ten thousand pounds invested by the capitalist, yielding him an income of 4% or four hundred pounds, benefits largely the manufacturer who uses it, and the working people who obtain employment, and whose wages have received an impulse towards rise. Of the three factors in production—the capitalist, the employer and the workers—the capitalist receives the smallest part, stands no chance of more profits, but runs a great risk of losing his capital.

Among the many methods suggested for the improvement

of the working-classes, the confiscation of the capitalists' interest in favour of the workers often figures prominently. From the above example it will, however, be understood how little difference it would make to the working-classes if the capital employed in the work they are engaged upon belonged to themselves, instead of being hired from a capitalist. There are a great many industries in which ten thousand pounds would suffice to keep the three hundred people employed. The interest at 4 °/₀, paid to the capitalist, would amount to four hundred pounds. If, therefore, the capital belonged collectively to the three hundred workers, each would receive about one pound six shillings and eight pence more income during the year, or about one penny per day. This penny might surely be regarded as a cheap premium on insurance against loss.

It is therefore manifest that the increase of capital in the hands of investors, far from injuring the capital-less sections of the community, benefits both employers and employed to a far larger extent than it benefits the owners of the capital themselves. If the relations between capital and labour were allowed to remain free and natural, capital would grow speedily both through the accumulations of the capitalists and the savings of the working-classes. With the growth of capital wages would rise, and though interest would probably not fall below the rate which is current now during the present dead-lock, it could certainly never assume usurious proportions.

While on the subject, we ought to reply to the objection which might here be raised: namely, that if such are the effects from accumulation of capital, how is it that now, after so many years of accumulation, wages are low and so many workers are unemployed? There are two reasons: firstly, only a very small proportion of the produced capital

reaches the productive trades; and, secondly, a large portion of the capital which should be accumulated is lost in unsuccessful undertakings abroad and bad limited liability companies at home. This severance of capital from labour, and this enormous destruction of capital is due to the Bank Charter Act, as fully explained in the chapter on Free Competition in the Supply of Capital to Labour.

When it is recognised that the accumulation of capital in the hands of capitalists is not that great injury to the working-classes which illogical philanthropists and agitators take for granted, but constitutes the most direct and effective means of increasing the national working capital without which trade cannot expand and wages cannot rise, the attacks upon the unearned increment fall to the ground.

So long as the country progresses there will be an unearned increment, just as there will be a rise in the price of many other forms of property. Wines of certain vintages that cannot be replaced, works of art, rare books, etc., often rise in value in the same manner. Those who have the foresight to buy or keep such things while cheap in the course of time reap a profit for which they have not worked, and which in every respect is an unearned increment.

All successful speculation in goods and stocks partakes of the nature of unearned increment. So does the rise in value of the title of a newspaper, of a trade mark, the profits on patents, and even the bonuses of life insurance policies.

What kind of legislation would it be that would deprive a man of the additional value which such land acquires, either bought at a high price with the view to a rise, or else inherited from ancestors who have kept the land in spite of tempting offers to sell, and at the same time allow another man to keep all the profit he has made by buying some

cargoes of corn, when corn was cheap, and selling them when corn was dear.

Even if we make up our minds to legislate in a topsy-turvy fashion, without reference to justice and equity, the confiscation of unearned increment in land would still present almost insurmountable difficulties. If it be decided that the owner is not the man who should be benefited by the rise in the value of land, or any other form of property, the question arises, To whom is such unearned increment to go? If we give it to the State or the commune, we produce that stagnation in production and that lowering of wages, which we have already described as an inevitable economic consequence of the authoritative spending of capital. Besides, we should lower the working-capital of the nation: for capital once handed over to government can never be returned into the channels of that production on which the people live.

It may be employed in useful or ornamental public buildings, or even in productive or quasi-productive enterprises under the management of the authorities, but this would involve so many deliberate steps towards Socialism. The staff of officials would have to be increased, private undertakings would suffer from government competition, and all the earnings of the people would be reduced. The wages of such workers as were employed by the government or municipality might be, and from political considerations would be, raised, but the wages of all the other workers in the district would be lowered in a far larger proportion. In short, the introduction of a Socialistic feature would, as it always has done, act as a clog in the mechanism of free division of labour, and by creating stagnation and economic anomalies, impel the nation still further in the direction of complete Socialism, until unmitigated slavery under the State had been established.

If the unearned increments, instead of going to the government, were distributed among the inhabitants of the country, the results would be as bad. Such distribution would only to a small extent, if at all, increase the working capital of the nation, because only a small percentage of the people have the necessary qualification for saving and accumulating. Moreover such State charities must necessarily, as they have ever done, exercise a most demoralising influence upon the people, and terribly curtail the production of wealth. Then there would always be such questions as: Who is to preside at the distribution? What method should be followed? Should the rich have as much as the poor? the spendthrift as much as the thrifty? What should qualify or disqualify the individuals for the bounty? The squabbles, the intrigues and the party manœuvres which such distribution of the unearned increment could not fail to produce, would fearfully disorganise honest industry, and it would not be long before every vestige of unearned increment would disappear. The United Kingdom itself is at this moment an example of the power of bad legislation to bring about loss and decline in values where everything else warrants increments.

Those Collectivists who are always so prone to fall back on the methods of Domestic Economy, in order to remedy some special evil, hardly ever give a serious thought to the chief aim of civilisation—the elevation of man—and seem quite content to treat humanity as so much cattle for the shelter and food of which everything else should be sacrificed. Were it really wise, conducive to happiness, and compatible with the existence of the State, to save all the inhabitants of these islands from the bulk of their present toil, and to allow them to live comfortably, not to say luxuriously, such an object might very likely be accomplished, but hardly by the methods which our Collectivists advocate.

To more speedily achieve their aim, we should advise them to apply the methods of Domestic Economy, not to Great Britain and Ireland, but to our Indian and African possessions. There would be scarcely any resistance on the part of the native races, and if the compulsory work were accompanied by good treatment and wholesome food, and a few of those advantages which our Socialists expect from a fatherly government, the material condition of the natives in India and Africa would not be worse than it is now. By concentrating into one administration all the land and all the wealth of our Indian and African possessions, as well as all the working power of the inhabitants, we should have a mechanism for production which might be developed to an enormous potency. In the city of London could be found hundreds of business men, each of whom could, if placed at the head of this wealth-producing mechanism, undertake to pour wealth into Great Britain and Ireland sufficient to relieve the inhabitants of the greater portion of their exertions, and at the same time allow them to live in comfort and luxury. By encouraging the increase of population in the producing dependencies, and perhaps by importing one hundred million Chinese, the proportion of the workers in India and Africa to the consumers in Great Britain might be raised up to fifteen to one; that is to say, each of us in these islands would, in place of living on his own earnings, live on the wealth produced by fifteen others working on fertile soil in an intensely fertile climate, with the best implements and machinery, and the best possible administration.

To accomplish the aims of our Collectivists in this manner would be infinitely more easy than by imposing, as they would fain do, the cumbrous system of slavery under government upon the people of these islands. But the results

would be equally disastrous to the cause of civilisation. To supply human beings with all their material needs without exertion, forethought, risk and self-control on their part, would manifestly sap the only foundations which have been laid for the elevation of the human race.

Discussions with Collectivists would be so much more satisfactory if they would make up their minds as to what their real aim is. Those of them who have any genuine faith in humanity would then come to recognise that the moral, ethical and physical elevation of our race should be our goal, that individual liberty is the indispensable condition for such progress, and that the prosperity of the individual —the aim which this work is intended to further—is only important in so far as it adds to the religious, political and social liberty of the people that most vital of all liberties—economic liberty.

From whatever side we thus regard the much complained of evils of the unearned increment, we find that they are, as the other evils, attributed to private ownership in land, mostly imaginary, and that the anomalies complained of are the result of other causes.

One of the objects which the Collectivists hope to attain by relaxing the land-owner's hold on his land is the creation of small holdings. It is often taken for granted that the introduction of small holdings is the panacea against agricultural depression and many other economic anomalies, and it is only in accordance with the protective spirit of the time that the compulsory introduction of small holdings should be advocated. The arguments in favour of the system are drawn from other countries, especially from France, where the peasants are described as a thrifty, prosperous, contented, conservative class. The recent economic vagaries of the French government have

done much to paralyse the thrift and to destroy the prosperity of these small holders, but, as far as their contentment, their Conservatism is concerned, they yet remain a tempting example to Conservative politicians. When France enjoyed partial Free Trade, the small cultivators throve. This was, however, not due to any special virtue of small holdings, but chiefly to the French *banquier* system, which enormously favoured production, as we have already explained in another chapter.

Nor will any one assert that the development of British agriculture can be regarded as a 'frightful example' of the result of large holdings. Not many years ago England, and perhaps still more Scotland, held with regard to agriculture the foremost place in the world. English products stood high as to quality. Seeds, breeding animals, and agricultural implements were exported from England to every part of the globe. Young agriculturists from Russia, Germany and the Scandinavian countries, became apprenticed to English and Scotch farmers. The difficulties of British agriculture in no way sprang from the largeness of the holdings, but from territorial and economic advantages possessed by foreign competitors, and it may be said without fastidiousness that the worst competition was experienced from foreign farmers with far larger holdings than the majority of British farms.

The question of large holdings or small holdings is one that cannot be settled in the same way for all kinds of land and under all sorts of circumstances. Farming experts will agree that there are soils and circumstances which would render farming on a large scale more profitable than small farming, and *vice versâ*, and if that be so, the best Land System would be one allowing of such a size of farm as would yield the largest profit.

If there be any truth in the assertion of the Collectivists —and we believe there is—that owners of land are apt to charge as high a rent as they can possibly get, the much decried landlordism would be the best system for the regulation of the size of farms on the basis of relative productiveness. Any reasonable landlord would of course let his land to the class of people who, everything else being equal, are willing to pay the highest rent, and, if the small farmer can pay a higher rent than the large farmer, the landlord would certainly do his best to offer small farms.

The opponents of private ownership in land obtain a considerable hearing by the confusion of two distinct ideas: namely, the idea of small farms and *la petite culture*, or, to use an English expression, small farming. The one does not necessarily presuppose the other. Small farming, that is to say, the production of vegetables, fruit, flowers, poultry, milk, butter, cheese, honey, etc., can be carried on just as well, if not better, on a large scale as on a small, and if practice does not confirm this so completely as it should, it is because the economic causes which militate generally against small culture in this country tell in a more decided manner in large enterprises. There can be no doubt that the prosperity of British farming must be sought in the direction of small farming. The soil and the climate are suitable; fertilisers are easily obtained. The market is even now enormous, though the consumption of the above-mentioned products is very far from being what it might be when every man, woman and child is by prosperous trade enabled to consume as much as they need.

The competitors of the British small farmers—the foreign farmers who now supply this country with the most profitable farm products—live in America, Australia, the south

of Europe, Algiers, Germany, Russia and the Scandinavian countries, and the expense of bringing their products into the centres of manufacture ought to give the British farmers enormous advantages.

The fact that, in spite of all, British farmers cannot compete with the foreign ones is frequently attributed to private ownership in land. Such an opinion is not supported by any logical argument, and has, in the majority of cases, been adopted because no other solution of the enigma can be found. But to those who have read our chapter on banking and credit, it will be evident that our economic system—such as Bank Monopoly renders it—raises far more real formidable obstacles to *la petite culture* in the United Kingdom than the hazy ones excogitated by the votaries of Land Confiscation.

Even slight reflection will at once show that the somewhat general adoption of small farming in this country would imply the employment of considerably more men, women, and children than at present, certainly at higher wages, and that consequently the cash expenditure of the farmer would assume larger proportions. From where is he to be supplied with capital, credit and cash, in a country where capital-distributing banking is prohibited? Any farmers who would rashly take the advice of some of our professional politicians, and go in heavily, for fruits and jams, would very soon find themselves in the clutches of the only beneficiary of our economic system, the protected and pampered advertising usurer.

It ought also to be clear to every man who has given any thought to business and finance, that the presence in this country of so large an additional quantity of gold—as the general adoption of *la petite culture* would involve, so long as credit-instruments suitable to the productive trades are

prohibited—would raise the cost of production considerably above the price of sale.

With such palpable impediments to profitable farming, we ought not to wonder at the present depression, but rather at the gallant fight the farmers have made. The marvel is that British farming is not completely extinct. There is certainly no occasion to interfere with private ownership of land until we have seen how this system would work with fair and rational banking methods.

But even when it has been established that the system of private ownership in land meets the requirements of farmers, labourers, and the nation at large in a manner that cannot be approached by any other system, there remains a considerable scope for Land Reform in this country. Just as the extremists, who are supposed to advocate the cause of the masses, would interfere with ownership in land in favour of their clients, so the aristocracy of the past has violated the principle of individual liberty as applied to the ownership in land.

Not only our legislation regarding land, but all legislation, was ever and is still carried on in a haphazard manner, regardless of system and first principles. The reason of this is that there has been no agreement regarding the chief purpose of legislation. Each Parliament, even each legislator, strives for a particular purpose, and aims at carrying it as far as circumstances allow. The real aims of legislation have changed with the times. To benefit the sovereign, the reigning family, the privileged classes, and finally the working people, has in turn been the object of legislation. Even in our days we constantly see one set of legislators ostentatiously striving to benefit one class, while another set is striving to benefit another class, and all the time it is impossible to tell how many private motives are at play.

The absence of system and the haziness of the aims naturally lead to legislation by fits and starts, generally prompted by some special incidents supposed to be calling for special legislation. In this manner each enactment has an extremely limited scope, and often clashes with previous enactments.

Thus if, for example, a new system of draining agricultural land were invented, it might be found that the law relating to drainage did not provide for cases arising out of the new system. Under such circumstances it might be supposed that our legislators, finding the mass of enactments regarding the improvement in land bulky, complicated, and yet insufficient, would replace the whole mass of these acts by one simple and complete law covering all kinds of improvements in land. But, for reasons which perhaps expert law officers might be able to explain, though to the average man utterly incomprehensible, they would leave all the old enactments in force and complicate the whole question by adding a new, special act calculated to meet the cases arising out of the new drainage system.

The laws regarding the tenure of land having accumulated for centuries in this fashion, the treatment of the subject from a legal point of view ought to devolve upon experts in law. Here we deal only with the economic aspect of the Land Question, which after all is the more vital.

The tendency of past legislation by landlords in favour of landlords has been to create privileges for the owners of land. The object was not always to immediately benefit the actual holder. The interests of his descendants and the interests of landowners as a caste ever strongly influenced British land legislation. A traditional feudal bias, exercising a distinct sway over the minds of the British upper classes, and to some extent over the whole nation, the interests which land legislation strove to safeguard were as often

political and social as pecuniary. As the heir to the throne inherited the kingdom, so it was considered fair and natural that the heir of the noble should inherit his father's fief intact, with all the privileges, the prestige, and the power it involved.

It is conceivable that this system, despite the injustice and hardships on younger sons and daughters involved in it, when regarded from the modern point of view, should have great attractions for aristocracies at all times. The feudal prestige of the family was maintained, the quasi-royal position was perpetuated, and the pecuniary privations of the younger branches were more than compensated for by the advantages which the head of the family, in his brilliant and influential position, could secure to all its members.

While the equal division of the real estate between all the children of a landed proprietor would, in a few generations, reduce the property to an insignificant competency for each member of a family—easily lost or squandered—the patronage of the head, when in possession of the whole property, could easily secure for his portionless relations positions and appointments remunerative enough to form the nucleus of new large estates.

Already in the middle of the century it was difficult for Continental students of politics to reconcile the progress of democratic influence in Great Britain, of the love of liberty of the English people, and of the then increasing well-being of our working-classes, with a land system of a pronounced feudal nature, and calculated to perpetuate the aristocratic influence. The practical harmony, not to say the remarkable good feeling, existing in Great Britain between the land-owning and the working classes, clashed with the theories of the Continental democrats, who, if they had not already accepted the Socialistic views regarding the tenure

of land, attached an importance to the principle of equal right to the land for all, or Free Trade in Land. On the Continent Cobden was constantly asked to explain the enigma, and in reply he frequently stated his belief that a sweeping Land Reform was imminent in this country.

But this, like many other predictions of the Free Trade pioneers, was not fulfilled. The objections to our system of land tenure were entirely theoretical—conclusions arrived at through exact reasoning though from fallacious premisses. On the other hand, the presence in the country of an enormously wealthy aristocracy offered advantages to the other classes which every-day life practically demonstrated. These advantages are too well known to require enumeration, and are, moreover, partly included in those of a large national working capital already referred to.

But it may be useful to point out here that British industry has benefited very considerably from the feudal features in our land system in a manner that is far from being appreciated. The presence in this country of wealthy buyers and consumers of high-class goods has no doubt acted as a spur to our manufacturers and craftsmen to concentrate their energy and ingenuity towards the attainment of a high standard of quality. Not only has the example of the British aristocracy popularised the taste for good qualities throughout the nation, and inculcated the lesson that cheap goods are the dearest, but obtained for our products a reputation for excellence both at home and abroad—a reputation which did not begin to fade until the silliest of all silly acts, the Merchandise Marks Act, was promulgated.

While thus the advocates of Land Nationalisation are entirely out of court, and while the enemies of our land system in its present form have shown themselves powerfully biassed, it would be irrational to jump to the conclusion

that no legislative reform is required with regard to the land. Nothing that we have said, or that might be said, would dispose of the fact that easy access to land for all citizens is favourable to general prosperity. But it is not of such vital importance as to out-balance the general tendency towards decay which must set in when private ownership in land is threatened.

If, therefore, general prosperity be the object, the access to land should be facilitated by means which, instead of infringing the right of ownership, and consequently personal liberty, should rather tend to consolidate these two indispensable conditions for a progressing civilisation.

It stands to reason that the best means of multiplying small holdings should, and naturally does, strengthen the owner's hold upon his land: for any measures tending to render ownership more conditional and more uncertain would necessarily reduce the usefulness and attractiveness of ownership. The advocates of Land Confiscation schemes seem to take for granted that the undermining of private ownership would be detrimental only to the large landowners and not to the small. As, however, it is not likely that the British nation would sanction one law for the large landowners and one for the small, and as the drawing of the line between the two categories would amount to a practical impossibility, all the hardships and persecution inflicted on landowners would fall on the large and small alike. If, therefore, we were to attempt to increase the small number of owners by making ownership more uncertain, we should probably deter small capitalists from investing in land and land improvement to a greater extent than we should have encouraged them.

Finding, then, that the law cannot possibly favour a man in his capacity of a buyer of land except by injuring him exactly in the same proportion in his capacity of a holder

and an eventual seller, the only just and economically sound course is that of allowing buyers and sellers to arrange their own bargains: that is to say, to render trade in land free.

The introduction of what may fairly be called Free Trade in Land would necessarily involve the abolition of all the enactments which have been introduced with the object of giving to landlords rights which absolute ownership does not confer, be they actually beneficial to the landlords or not.

The repeal of such enactments would not inflict anything like the hardships which landed proprietors would at first anticipate, and the small sacrifices would be largely compensated for by strengthening of land-ownership all round. If we take for granted that Free Trade in Land were to be introduced as part and parcel of a complete Individualist programme, there can of course be no question of actual sacrifice on the part of landowners: for the escape from the Confiscation methods which have already been introduced into this country by the late Parliament, and already largely applied in Ireland, would represent a gain to landowners incomparably greater than any surrender on their part involved in Free Trade in Land.

To substitute such peculiarities in our land system as primogeniture, entail, etc., for a more absolute ownership would, even apart from political considerations, probably benefit the actual owners more than it would harm them.

As to the landowners, regarded as a caste, the effects of the change would not be so great as most people seem to imagine; for the owner would be absolutely free to deal with his land in all the ways open to other Englishmen as to the disposal of property other than land. He would be absolutely free to will his estates to his eldest son, who would, therefore, be entirely unaffected by the reform. There would be some advantage in allowing a parent to exercise

his discretion with regard to his heir, and if this privilege results in placing the large estates in the kingdom in better hands than is now sometimes the case, the whole country would certainly benefit. Whether the strengthening of paternal influence in this manner be beneficial or otherwise is a question not easy to answer, and would certainly depend upon the circumstances of each case.

The reform might appear to threaten the impoverishment of our landed aristocracy in the same manner as Continental aristocracies have been impoverished. But the landowners themselves can through their absolute ownership guard against any such contingency—a contingency, moreover, less likely to happen in modern times and in the future than it was in the past. The landed aristocracy, especially under a strictly Individualist system, when the revenue from land and other sources is likely to rise steadily, would have opportunities of accumulating their worldly possessions at a rate unattained in the past. The Free Trade in Land reform would confer a host of other advantages on landlords both as individuals and as a caste, for an analysis of which there is no space in these pages.

But before leaving the subject we must refer to one advantage which must exercise a powerful influence on all conscientious landlords. The Free Trade in Land reform would lift them out of a position which our present economic system has in the eyes of the world and in their own rendered incompatible with moral responsibility and Christian duty. Probably only the most callous of our millionaires can go on accumulating wealth and spending it in luxuries and pleasure on themselves and their families, while millions of destitute children have their health and future life ruined by sheer want, and while millions of struggling men and women are driven to despair, degradation and vice for lack

of timely aid. The majority of the wealthy feel acutely their responsibility, and would no doubt hail with delight the advent of a system in which the immense privileges they enjoy would form a beneficial, if not an indispensable, factor.

But Free Trade in Land cannot be established without a radical change in our system of the transfer of land. The necessity for reform in this respect is already widely acknowledged, and as the question is already before Parliament, there is no need to deal with it fully here. We can only express the hope that it will be dealt with, not in the usual fragmentary, superficial and one-sided fashion, but treated as an essential step towards the adoption of a complete Individualist system demanded by the impoverished masses and the conscientious wealthy classes alike.

X

THE CONSOLIDATION OF THE EMPIRE

THE founders and rulers of such ancient Empires as the Assyrian, the Egyptian and the Persian inaugurated a foreign policy, which through later Empires, such as the Greek and the Roman and the mediæval and modern States, has been transmitted to the dynasties and statesmen of our days. This policy was founded upon the desire of the rulers to extend their sway and to defend themselves against other potentates animated by the same hunger for conquest. The means employed were military armaments, open attacks upon rival States, the constant watchfulness against the acquirement of special advantages by any State, and intrigues destined to create enmity between such States as could not be conquered, and one day might become dangerous opponents. In this foreign policy the welfare of the people was not considered, at least no more than was absolutely necessary to keep the dynasty in power and the army in an effective state.

During the migratory period in Europe, many a warlike onslaught originated from the desire among the migrating tribes to better their condition, but as soon as they had settled down and founded a State, the traditional foreign policy was resumed. To destroy the liberty, and even the prosperity, of surrounding nations was counted a glorious thing, and even such recent conquerors as Napo-

leon I. were influenced in their politics by the views of Alexander the Great and Cæsar.

When in modern times the people gradually acquired greater influence over their own destiny as a nation, and when sovereigns and statesmen were compelled constantly to have the phrase 'the welfare of the people' on the tip of the tongue, it might have been expected that the old foreign policy would have given place to one fraught with less misery to humanity.

But such has not been the case. If we except the United States of America, the foreign policy of all civilised States has remained very much what it was—a constant scheming to secure advantages for one country at the expense of another, to acquire more territory, to form defensive and offensive alliances for the resistance of attacks, to weaken possible opponents, and generally to assume an attitude of defiance and armed menace towards each other.

The enormous sacrifices which such a foreign policy entails on the peoples, and the endless misery and suffering it creates, have so far failed to inspire the masses of Europe with any marked desire to inaugurate a foreign policy more conducive to their happiness. This passive submission to unnecessary evil is greatly due to the diplomacy of modern statesmen. To their old mission of harming foreign sovereigns as much as possible for the benefit of their own, they have had to add another, namely, to keep the ruling dynasties in power, and to reserve for them as much as possible of that ancient despotism which counted the masses of the people as nothing.

In order to accomplish this mission, it was necessary to find a pretext for the maintenance of huge armies, military supremacy, and 'strong government.' For this purpose the continuance of the old traditional foreign policy served

admirably. It became important to inspire the people with the belief that foreign nations were their natural enemies only waiting their opportunity to destroy them. Consciously and unconsciously—by cunning diplomacy or by traditional prejudice—a host of methods has been and is applied in order to inoculate the peoples with this belief. History books used in the schools deal almost exclusively with the doings of the sovereign and the army, glorifying battles and especially conquests. The most miserable reasoning is resorted to in order to demonstrate that some great good has come to one nation through the infliction of a great injury on another. Defeats of other nations are celebrated by national *fêtes*, and large armaments and even wars are represented as indispensable to the maintenance of civilisation. In the absence of actual war the military spirit is kept alive by simulations of war—no doubt necessary from a military point of view—where one army-corps, or one fleet, evidently represents that of some neighbouring country.

As if this were not sufficient to keep up an unhealthy international animosity, modern diplomatists have gladly seized such opportunities as spurious Economy offers for inflaming national hatred. The people in every country are made to believe that only through injuring the industry of other nations can they develop their own, and that only by curtailing the trade of their neighbours can they expand theirs.

How utterly false such reasoning is we have already demonstrated, but reasoning has so little power over prejudice that those interested in maintaining national hatred experience but little opposition when they advocate trade-hampering measures in order to harm a foreign country.

By such means has the old foreign policy maintained its prestige to such an extent that some of its teachings have

been blindly accepted. Among these the principle is prominent which encourages the conquest of new territories.

It is, therefore, not surprising that it should have called forth a strong protest from clear-sighted and intelligent Englishmen. In the middle of this century, a Party arose to protest against war and conquest and to teach the world that the solidarity of humanity is the fundamental law of Economy and Sociology, and that happiness and prosperity could best be attained by bringing all international relations into harmony with it. Maybe the propagators of the new truth carried their principles too far, or maybe they did not defend them in the right manner: for, after having stamped their ideas on the national politics of the time, the Peace Party have lost their influence over the national mind and have been nicknamed the Peace-at-any-price Party.

As long as the Peace Party led public opinion in Great Britain, the maintenance and consolidation of the Empire were looked upon as the policy of the classes rather than of the masses. If to-day we meet with an Englishman who attaches but little importance to our Possessions, he generally belongs to the remnant of the old Little England Party or else to the extreme Liberal Party whose opinions are biassed by Socialistic tendencies. The extreme wings of the Liberals and the Socialists are naturally slow to admit that the Empire is indispensable to the welfare of the British nation, because they are in the habit—or perhaps it suits their style of reasoning—of dwelling, when speaking of a better distribution of wealth, rather on that small amount of riches which actually exists than on the immense future wealth which would result from a rational Imperial policy.

Though all that the old Peace Party said in favour of general disarmament, peace, and a harmonious co-operation between the nations, remains undeniably true, affairs out-

side the United Kingdom have developed so unexpectedly, contrary to the expectations of the Cobden school, that no true patriot and no friend of our race should regard the maintenance of the Empire with indifference. For, though the old style of foreign policy retains its hold on the people's minds throughout Europe, and to no small extent throughout these islands, it cannot be denied that to-day we can point to reasons for a jealous maintenance of the Empire, and even for its latest extensions, which have nothing to do with old prejudices.

We are now face to face with actualities, which leave the Little Englanders no excuse for their indifference towards the Empire. Almost all foreign countries are persisting in a protective policy and other ruinous economic measures, which in many ways limit their commerce with the United Kingdom. They seem bent on impoverishing their masses to such an extent as to enormously decrease their consuming power, and consequently their need of British goods. If the anti-economic systems of the foreign governments are continued much longer, the respective countries will count as very small factors in the universal co-operation, and will lose almost all their significance as markets for British goods. Under such circumstances there are only two roads open to Great Britain: we must either be prepared to exist with a small and dwindling foreign trade, or we must keep in our own grasp open markets, progressing territories, and countries capable of co-operation with Great Britain.

The first alternative need hardly be considered. Producing as Great Britain does only half of the food stuffs required under the present circumstances, while the great bulk of the people, from sheer want, consume abnormally little, large imports are a *sine quâ non* to the maintenance of our present small degree of prosperity, and the only possible means of

attaining a general state of well-being. The tendencies of our democracy to indulge in dreams of isolated labour *à la* Prince Kropotkine, or pastoral primitiveness *à la* Ruskin, will not stand the test of the statisticians. While there may be much truth in what has been said about *la petite culture*, intense cultivation, and the power of spade labour, it can hardly be considered a serious proposition that we should return to the process of hand-spinning and hand-weaving, and discard the use of the thousands of labour-saving machines from which alone, under a sound economic system, that ease of toil and abundance of leisure can be obtained which our sentimental economists expect to be the result of opposite methods. If we asked them, they would confess that their objections to a system of labour including powerful machinery spring exclusively from their inability to dissociate machinery from the tyranny of capital. They have no idea that the monopolising by capitalists of the benefits of machinery is unnatural, contrary to the order of things, and the result of the artificial prohibition of free competition in the supply of capital to labour.

When it is found that the enormous saving of toil, discomfort, and vital power which machinery affords can, by a sound system of economy, be made to benefit the workers at least as much as the capitalists, we shall hear no more clamours for the abolition of machinery and wholesale manufacture.

A return, then, to the primitive, not to say savage, method of production—without machinery and factories—being an impracticable dream, based on misconception, there remains only the other alternative of increasing the resources of our ever-increasing population—namely, of utilising the immense latent wealth, the vast expanses of soil, and the productive climes in our Possessions all over the globe.

Those of our politicians and agitators who persistently ignore the practically boundless reserve of land and wealth which our Possessions afford are probably, consciously or unconsciously, actuated by the desire to turn such questions as future over-population, scarcity of land, and scarcity of employment, into so many arguments in favour of State interference with private property.

Without such bias it seems hardly possible that any man in the present stage of our civilisation could shut his eyes to the many benefits our Colonies and Dependencies are capable of conferring on our race. These Possessions are in every way wonderfully suited for a close co-operation with the mother country. What we produce they consume, and *vice versâ*. While the United Kingdom has an ample population and only a small supply of land, our Possessions have immense tracts of fertile soil, and in most cases an extremely scanty population. While our climate is congenial to a hardy, enterprising and leading race, the climate of some of our Possessions favours races of a more indolent and submissive character, unlikely to reject British guidance, especially if we confer upon them the great blessings of individual liberty and prosperity.

Great Britain thus has the most valid reasons for maintaining its splendid Empire intact, well consolidated, and prosperous.

Just as the motives for the maintenance, and sometimes for the expansion, of the Empire are vastly different from those which are quoted in support of the old-fashioned foreign policy of foreign States, so the aims of the development and the maintenance of the Empire are different. Whatever the object of the British government was during the last wars with France and Holland, it is certain that our colonial policy is not now shaped with the view of damaging other

States. If our politicians have not yet completely grasped the important truth that each step of progress achieved by any country will react favourably on the United Kingdom, they are at least convinced of the value of peace and good understanding with other powers, and have realised that we are in possession of more territories than we are likely to require even thousands of years hence.

As to the races which have come under British influence, their condition is considerably improved, thanks to better order, better justice, and better organisation in every respect introduced by British rule, and they are never subjected to that painful and irritating process of being forcibly enrolled into the nationality of their conquerors, which on the Continent is still considered an object worth striving for.

We have intentionally mentioned the beneficial influence which British dominion exercises over other races, so that it may be clear that while the feeling of self-preservation and the desire for wealth urge us to carefully guard our Empire, there cannot possibly be any conscientious scruples against such a policy. At the same time, however, we must point out that the supremacy exercised by the British nation will only be justifiable so long as our aims are beneficial not only to the races included in the Empire but to humanity at large. There is no need for that sceptical, misanthropic section of the community, ever ready to sacrifice everything and everybody to British interests, to look askance at the above expressed opinion; for nothing is more conducive to the prosperity of every class in the United Kingdom than to further civilisation, well-being, and genuine progress among the races that are to be our customers and co-operators.

If thus self-interest, commercial considerations, and moral duty alike bid us safeguard and develop that large part of the globe which historical evolution and force of circum-

stances, rather than British arms, have placed under our protection and guidance, but little heed need be given to that minority in these islands which, under the influence of prejudice, economic bias, or political ambition, clamours for the disintegration of the Empire. We may even take for granted that there is a practical unanimity throughout the British domains that the Empire should be maintained and consolidated.

While speeches and literary contributions, even when they emanate from the leaders of those politicians who once formed a Little England Party, constantly and ostentatiously extol the value of our Empire and the importance of cementing its constituent parts, it is only too evident that the means by which such cementing should be accomplished are not within the grasp of these speakers and writers. The solution of other questions is generally delayed and complicated by the great variety of solving methods proffered; but, as to the best manner of consolidating the Empire, no suggestion of a definite and practical character has been forthcoming.

We have had vague hints regarding Imperial Federation, but as to the practical form it should take, and, what is worse, the principles upon which it should be based, they have not been agreed upon, and have not even been discussed. In this matter, as in many others, politicians have preferred the easier and more irresponsible work of propagating hazy and sentimental ideas. As with Home Rule, Socialism, Bimetallism, and other intangible panaceas, so with Imperialism: when it is found that every attempt at practical realisation raises a host of apparently insurmountable difficulties, anomalies and drawbacks, when every attempt at systematising discloses irreconcileable differences of opinion —when practical work thus becomes hopeless and discourag-

ing, the would-be reformers fall back upon the more congenial mission of 'getting the principle accepted.' They are prone to leave the actual execution to others, to the collective wisdom of Parliament, to men of genius which human progress is expected to produce, or to future generations some centuries hence. Surely we have had enough of the mere propaganda of the Imperialist idea. It is time to show the method by which the idea can be realised, and to agree upon the principles which should underlie such realisation.

To enter here into the constitutional, legal and administrative features of a closer union between the component parts of the Empire would be outside the scope of this work, and might well be the subject of a separate work, but it behoves us to dwell somewhat on the principles that should underlie an Imperial Constitution. All the more so as a strong and cohesive Empire is one of the great aims which rational Individualism brings within our reach. The ties which at present hold the Empire together are community of race and community of language with our Colonies, and British military supremacy in our dependencies. The ties of race and language will, as was the case with America, gradually slacken as each colony builds up its history, creates its own literature, develops its own universities, fosters its own bureaucracy, and forms its own political parties. The compulsory tie, represented by cannon and bayonet, though now sufficiently reliable in our dependencies, will be more and more difficult to maintain in efficiency as civilisation and instruction advance among the native races, as the vernacular press develops in power and influence, and as progress and advancing scepticism weaken religious animosity between the different creeds.

The solution of the problem of Imperialism must begin by finding ties stronger than those now existing, and at the

same time capable of outlasting present circumstances, and of remaining acceptable to the masses in our Colonies and dependencies however rapidly they progress.

Individualism alone can supply such ties. Nothing is more conducive to the strengthening of the desire of our Colonies and dependencies to remain closely united to the Empire than the conviction that in such a union they will find the best possible guarantees for liberty, prosperity and universal respect.

We live in a period when old prejudices, ideas, and blindly accepted dogmas are constantly clashing with experience, and consequently losing their hold on men's minds. Not long ago a large majority of politicians would have hailed a tyrannical mob government as a step towards greater liberty. Not long ago a large proportion of our working-classes shared the opinion with the French Democracy that liberty was identical with a Republican form of government; that change of masters, not the abolition of masters, was the road to freedom; that the setting up of bureaucratic tyranny, slavery under the State, and the reduction of the individual to a will-less piece of mechanism in the social machinery, would in some miraculous way in the aggregate secure liberty for the people.

There have been plenty of signs lately in Great Britain that the people have profited by the object-lesson furnished by the American Republics, the short-lived French Commune, and the present Republic in France, and that they are not willing to submit to government tyranny and bureaucratic meddlings simply because these nostrums have been labelled and emblazoned with attractive names.

The Englishman's love of liberty is not of the sentimental kind. However much a *régime* is lauded, however much poets and sentimental dreamers proclaim its virtues, he will hate it

if it compels him to do what he dislikes, to work when he would rest, to stay when he would leave, or to leave when he would stay; if it prevents him from shaping his own destiny, from making the best use of his ability, from bringing up his family as he likes, and from regulating his household according to his own notions. Anybody who has had an opportunity of listening to the protests of the working-men Anarchists against the paternal tyranny advocated by the Socialists cannot fail to be convinced of the impossibility of reconciling the British race to the loss of individual liberty.

This instinctive love of individual freedom which characterises the British race all the world over has remained unabated, despite the universal propaganda in favour of State Socialism. It has been proof against the allurements of the most seductive Socialistic Utopias; and the promises of a luxurious life, short hours, and absolute freedom from care have failed to conquer it.

How much more value will not the British race attach to individual liberty when it is convinced that, far from furthering poverty or oppression of any kind, it constitutes in its extended and complete form, as defined in this work, the shortest and surest road to individual prosperity!

If the British Parliament, therefore, decreed that no interference with personal liberty will be permitted within the British dominions, and if the British government could be depended upon to carry out the decree, all the masses in our colonies and dependencies would have supplied to them the stongest possible motive for clinging to the Empire.

To appreciate this fact it is necessary to have a clear conception of what individual liberty is. Our sentimental Collectivists obtain all the success of their propaganda against liberty by confusing and distorting that highest of all blessings. They are in the habit of crying out that complete

liberty means licence, that licence means disorder, and that only through restrictions and authoritative supervision can human beings be prevented from harming each other. It suits their purpose to consider liberty not as the general right of all citizens, but as the privilege of one individual alone, and by such reasoning it is not difficult to prove that unlimited liberty to one is destructive to the liberty of all others. The silliest illustrations are frequently given. We are, for example, told that if we had complete liberty, any one could walk into another man's house and carry away what he desired. Those who never sowed would be able to reap. The possession of land and other property would be fought for. Debts would never be paid. Any person could help himself to the ready money in the banks, and so on.

All these illustrations even a child would recognise as infractions of liberty. To avoid all such confusion, it suffices to bear in mind that in a model State each individual's liberty is determined by the liberties of all the others.

Socialists and other opponents of individual liberty are not the only people who overlook this simple truth. The Anarchists have not grasped it, and disgusted with all governments because they have ruthlessly infringed the most sacred liberties, they are willing to run the risk of a total abolition of all authority in order to secure individual freedom. Their aim is a good one like that of the Socialists, but the extreme measures by which they also, like the Socialists, desire to attain to it would utterly defeat their object.

The simple truth is that individual liberty, like all other advantages, can only be obtained by co-operation; and just as individuals might co-operate with great advantage to themselves in the construction of a road, in the sinking of a mine, or in the defence of their country, so they might

co-operate in securing individual liberty. The people specially appointed to watch over the maintenance of individual freedom might as well be called government as anything else, though of course it is a well-known fact that a term which for a long time has been applied to a bad thing might, when applied to a good one, cause confusion in superficial minds. But even Anarchists would probably reconcile themselves to a government, if it were perfectly understood and guaranteed that the foremost duty of government should be to protect individual liberty.

Collectivists would, however, demur to individual liberty even in the form as described above, and would point to the necessity of minorities to subject themselves to the wish of the majority. Without absolute power in the majority, they would say, the leading feature of modern society would be impossible. The army and navy could not be kept up. Such useful institutions as the Post Office would be out of the question. The currency would deteriorate through private coinage. State and municipal loans, and all the great improvements to which they are applied, would have to be abandoned, and so on.

It is certainly true that, with a government making the maintenance of individual liberty its first duty, many leading features of our modern society would disappear, but these would be the bad features now so predominant. There would be no monopolies, no official tyranny, no favouritism, far fewer party intrigues, no tendency to indebtedness, no scarcity of money, no usury, no sweating, and no artificial production of misery, vice, and degradation.

Great and beneficial reforms have been seldom accomplished all at once. It is rarely possible to do so, and generally foolish to attempt it, but this does not preclude the fact that the direction, in which sound reforms should

move, should be a desirable one, and that the aim striven for should be, even if never attained, a perfect ideal. We are, therefore, far from counselling any abrupt abandonment of the Collectivist or Socialist features of our present system. But every patriotic Briton should vote for a gradual progress towards liberty by the abolition, one by one, of harmful Socialistic features, beginning with the most pernicious. By following such a system, we shall not only surely and steadily improve the condition of our people, but we shall by each reform we pass prepare the way for others, by increasing the prosperity, the patriotism, and the self-respect of every citizen, and by banishing the black care for daily bread and the horror of destitute old age, which now tend to obliterate the best instincts in our struggling millions.

The circumstances which now prevail throughout our nation would not warrant any indiscriminate application of Individualistic principles, and if we contemplate the introduction now of one of these Individualistic reforms, which ought to be carried only when previous reforms have entirely changed the circumstances, we should find that we might do more harm than good. Trusting that the above remarks may have conveyed a somewhat exact idea of the meaning here attached to individual liberty and progress on Individualistic lines, we may not perhaps be counted fanatics if we venture to show that the tyranny of majorities is not indispensable to the maintenance of such institutions as are often quoted as impossible without it.

Voluntary taxation is one of the reforms for which society will not be ripe for a long time to come, and one which is not of great importance in this stage of our development, and is therefore not included in the Individualistic programme which this work commends. Yet most Englishmen will probably admit that no compulsion would be necessary

to provide funds for the maintenance of the army and navy.

In continental countries, where the voluntary principle is not so popular, and where it has never been subjected to such severe tests as in England, it is considered impossible to dispense with compulsory service in the army. In the United Kingdom, on the other hand, we have an army which, though small, surpasses any other army in effectiveness, and this—according to experts—despite a defective administration, absence of system and inefficient control. Besides the army, we have our large Volunteer Force, to join which men make sacrifices of time and money without any hope of compensation from the government, and generally without any aspiration to promotion.

In face of such splendid results of the voluntary principle, is it possible to believe that Britishers would refuse to contribute to the maintenance of the army and navy, and thus jeopardise their national liberty, their commerce, their industry, their political influence in the world, the existence of the Empire, the resources of their own wealth and that of their descendants? When India was governed by a company of British merchants, did they hesitate to maintain the army which was indispensable to maintain their position? Did the Chartered Company of South Africa hesitate to raise the army which had become necessary for the peaceful development of their possessions? Our numerous and excellent hospitals are maintained by voluntary contributions, and this despite the prevailing Socialistic ideas that strongly run counter to voluntary institutions. When the sentiment of charity alone can produce such results in the way of voluntary sacrifice, what may not be expected from such strong incentives as love of country, ambition, and self-interest?

As to the Post Office and similar institutions, compulsion

is certainly not indispensable. The whole nation, if it so chooses, could co-operate in such institutions, and leave to government the management of them, without inflicting compulsion on any man. The difference would only be that the Post Office would have no monopolies, would not have the power to interfere with useful private undertakings, and might have to sustain the competition of other Post Offices. Such competition would however not be likely to arise, as the very possibility of it would exercise a most healthy influence on the national Post Office.

For the maintenance of the currency no compulsion whatsoever is necessary. Our pound sterling is not an arbitrary creation of the government, but the outcome of a series of evolutions and a result of the law of the survival of the fittest. Whatever the government does with the coinage, the commercial men of the kingdom would quietly adhere to that value-measure which is the most convenient. In another chapter we have already pointed out how in olden times the Hamburg merchants, harrassed by the base coinage of the neighbouring princes, created a new value-measurer of their own —the Mark Banco—which became the standard of value throughout the whole of Northern Europe, simply on the strength of its usefulness, and without any compulsion whatever. If therefore our Bimetallists succeed in imposing their views on Parliament, if Currency Theorists, a little more rational, are allowed to do their best to introduce Trimetallism or Multimetallism, if our friends of the Free Money League are permitted to adopt a currency based on goods in general, or even a day's work, if in fact every man in the country were free to create his own value-measurer and to coin his own coin, as he is free to strike medals and card-counters, all this apparently Babylonian confusion would not affect in the slightest the value-measurer adopted in

virtue of its convenience. As neither seller nor buyer, landlord or tenant, lender or borrower, would have any advantage in using inferior value-measurers, they would not come into use at all. Though we have a government-regulated coinage, or rather a coinage sanctioned by government, every Englishman is free to make sales, purchases and contracts, without any reference to the coin of the realm, stipulating payments and valuations to be made in any kind of goods he chooses, and yet this liberty is hardly ever taken advantage of. On the contrary, transactions which in olden times used to be by direct barter have, as people have become more alive to their own interest and convenience, developed into contracts defined in coin. No agitation, no government compulsion, could force humanity back in this respect.

State Loans would not be so recklessly resorted to in any State where the tyranny of the majority over the minority does not exist as they have been in foreign countries and colonies. As we have seen, the bulk of such loans have been taken under a complete misconception of the economic requirements of the borrowing country, and have exercised a ruinous influence on the borrowing country when drawn in, and have resulted in excessive taxation when repaid. But the State itself would not be absolutely deprived of its borrowing power, because, even without the tyranny of the majority over minorities, a well-governed country would present good securities for a considerable credit. But State Loans would be of rare occurrence in countries governed on Individualistic principles. England is far from being an ideal in this respect, and yet few loans have been resorted to since the Congress of Vienna; and those which have been taken up have been occasioned by useless wars or preparations for war. Besides, if the country were in danger and its national existence threatened, one of those abnormal situations would

have been reached in which any principle may be sacrificed to expediency.

But Municipal Loans could not be raised by the present methods if municipal governments had not the power to tax the individuals with interest and capital. This means that County Councillors, District Councillors, and Parish Councillors would not have the right to run people into debt and to raise loans on other people's property without the owner's consent. The deprivation of such power would compel the communities each year to regulate the expenses for local improvement on the amount of taxes they are willing to pay. This could not be considered an evil when it is borne in mind that the system of borrowing for local improvements tends to ruin the communities indulging in it in two ways. In the first place, the increased taxation which the system involves drives capital and productive business out of the district; and, in the second place, the spending of money subjects all the productive traders that sell their products outside the district to similar difficulties to those described in another chapter *à propos* of the borrowing mania of our Colonies: that is to say, the productive industries in the borrowing districts meet with the same difficulties as they would encounter in a gold-producing country. Municipal Loans would, however, not be impossible, but only those individuals who would have given their consent would be responsible for the capital and the interest. Now would large undertakings for the benefit of the community be prevented. If extensive water-works were desirable, it must follow that the majority of householders would be willing to pay for the water, and if these bind themselves to pay a yearly water-rate, a financial basis for raising capital is attained to. In a prosperous community, there would be hardly any householder who would not have water in his

house, and the absence of compulsion would have made no perceptible difference.

It is not necessary to continue these illustrations of Individualism carried to a point which will not be reached here, or in the Colonies, for some time to come. If, in our time, we can convince thinking Englishmen that the goal of progress must be liberty and not slavery under the State, the continuance of that progress towards individual freedom and dignity, for which humanity has striven for thousands of years, will be assured. While, therefore, it is out of the question to frame an Imperial Constitution involving an ideal Individualism, the enormous advantages which a development in an individualistic direction presents would, no doubt, be sufficient to cause all our Colonies cheerfully to adhere to the Constitution with genuine liberty for its ultimate goal. Of the special liberties recommended in this work, the two first ones, complete Free Trade, and Free Competition in the supply of Capital to Labour, might suffice as the leading principles in all States and all Colonies in the British Empire. As we have endeavoured to show, these two liberties would be conducive to a greater prosperity than hitherto any nation has experienced, and would, therefore, naturally fulfil one of the most important demands on a good Constitution, namely, individual prosperity.

The enforcement of these two liberties in our dependencies would meet with hardly any opposition once the United Kingdom had set the example. It would infringe no principle and involve no humiliation. To compel people to be free cannot be to interfere with their liberty, and to compel people to be prosperous cannot be called oppression.

Once such advantages, from a connection with the Empire, are recognised, severance from it on the part of any of our

Possessions would be extremely difficult. None of the great Powers, with their Collectivist systems, could possibly offer any advantages approaching to those enjoyed in the British Empire. Agitators for complete political secession would be at an utter loss for arguments: for, the highest degree of liberty having been attained, essential change would have to be in the direction of less liberty. Even if Secessionist parties promised to respect the fundamental liberties, it is not likely that prudent colonists would easily forgo that splendid guarantee for their freedom which their connection with the United Kingdom would afford.

The immense trade that would spring up between the component parts of the Empire, as well as with the United Kingdom, would soon prove too invaluable an advantage to be risked by secession.

A closer connection, based on mutual interest, between so many different countries, involving the creation of immense resources, would render the British Empire a State of such might as to give it an unquestioned superiority over any coalition of States likely to occur. The citizens of so powerful a Fatherland would enjoy protection in every country they visited, a valuable privilege which would be lost to seceded Colonies.

When such strong ties of union as guarantees for liberty and prosperity have been called into existence, further progress in an Individualistic direction would, no doubt, be congenial to all the citizens of the Empire. The oneness of aim, the unanimity with regard to methods, and the solidarity in results would naturally lead to uniformity in laws and institutions, which again would powerfully contribute to the consolidation of the whole Empire.

When, thus, the peoples of the Empire are convinced that a close union of all British possessions is capable of realising

the brightest hope and of gratifying the proudest feeling of each individual, when the fundamental principle on which such a close union is to rest has been justified by results of palpable prosperity, then it will be easy to frame an Imperial Constitution of a nature that will make every man in British domains feel that he is part-owner of the wealthiest and most powerful Empire in the world—a Constitution that will render the greatest rewards and the highest honours accessible to every able and worthy citizen, be he born in a palace in London or in a log-hut of Tasmania.

MUNICIPAL GOVERNMENT

BY

FRANCIS FLETCHER-VANE

FELLOW OF THE ROYAL GEOGRAPHICAL SOCIETY
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MUNICIPAL GOVERNMENT

'Though the reign of saints was now no doubt begun, I am willing to defer my share in it till I shall go to heaven.'—*Letter from Sir Harry Vane to the Lord Protector Cromwell.*

It is fortunate for a writer on this subject at the present time, that his way is made easy by the mistakes of the enemies of social order and of good government. It is easy to steer where the rocks are well above the level of the water. However, it is not a matter for popular congratulation that party politicians have been empowered to serve their own ends by bringing municipal affairs to such a pass that they can chiefly be utilised as 'awful examples' of bad government to be flaunted before the eyes of the rising generation. But it is not alone by bringing to the notice of the readers of this work the banal examples of bad policy that I propose to deal with this subject. Just as in the sphere of imaginative literature the more enduring writer it is who typifies noble conduct, so in the political, he who shows not what is to be avoided, but what is to be done, is he who commands the greatest attention. It is on this account, therefore, that I, in a humble way, have tried in this chapter to be rather a directing post than a 'no thoroughfare' barrier.

It is of first importance to at once clear the ground by asserting the necessity in all boroughs or counties of possessing a strong centralised government. This, it will be seen, is due from the fact that modern life is so infinitely varied in

interest and so complex in form, that a heterogeneous system of government is not only opposed to the general trend of thought, but is in itself too likely to lower the standard of excellence rather than to elevate it. This is, fortunately, a case in which science and expediency join. The former teaches that alone through discipline and order can the divergent interests in a modern State be harmonised, and the latter shows that both in Imperial and in Municipal matters the tendency is towards unity, and consequently it is not wise to put ourselves into opposition to this reasonable development. In fact, just in proportion as we feel the necessity of allowing free play to the individual initiative of the citizen, so are we bound to see that there is one strong, and not many weak, corporate authorities, who will preserve to the citizen his freedom. 'Liberty,' as Burke says truly, 'must be limited in order to be possessed.'

But before going into the question of the varied relations which the municipal State has to enter into, both with the higher power above it and with the smaller and less important bodies below, I am constrained to speak of the men who should be chosen by a wise city or county to represent it at the Council Chamber. In the first place, it is above all things necessary to get men whose views are wide, who possess that amount of scientific knowledge which will enable them to see the whole of any question, and therefore the relative proportion of each detail. We are told very often that we are a practical people. Indeed, it seems that not infrequently we are so practical that we miss good opportunities. Too many times do we hear that So-and-So is a good member because he is a good local man. The good local man is not under present conditions the best representative, because he is not returned to advocate purely local interests. He is returned to advance the interests of

the whole city, and not of that particular part of it which may happen to elect him. The phase of mind which recognises the best representative in the local politician points to the fact that the system of modern representative government has not yet been fully appreciated. When purely local matters were paramount this point of view might have been justified. At present the representative has to decide far more difficult and complex questions than those pertaining to his district, and the local man is therefore out of place in an assembly in which general subjects are chiefly considered. It is necessary to get representatives who are in no wise faddists, local or otherwise, and who are strongly opposed to every kind of class legislation. These men must understand that they are to be merely the financial and moral trustees of the ratepayers, expending the latter's money and directing the latter's energies entirely for the benefit of the people as a whole. The fact is, that for 'a practical people' we are lamentably wanting in practicality in our choice of representatives. The most hap-hazard system prevails, and too often the man is chosen for a seat at the councils of the city, who would be chosen for no other public capacity however humble. The result has been that instead of generally obtaining men who can judge with well-balanced minds the widely divergent interests of modern life, we too often give the preference to those of whom it may be said that their only claim to public station lies in the fact that their energies are concentrated on matters of the smallest interest, whose position, in fact, has been made by their own narrow-mindedness. The universal panacea-monger is preferred before the man who knows that no single cure can be named 'for all the ills the flesh is heir to,' because the former, through his misplaced enthusiasm, has collected round him a following of equally thin-brained

fanatics who will vote for him right or wrong so long as he supports the 'cause.

Having, I am afraid, digressed somewhat unwarrantably with the object of explaining one evil arising out of the present system, I must now survey the duties of a municipality as a whole, firstly, in its relations to the individual citizen, and secondly, in its relation to corporate bodies.

It is of first importance for public reasons that each citizen should have the fullest liberty in working out his own material salvation. The minor State or municipality has to see that he has it, and to prevent by force, if necessary, other citizens from unwarrantably crossing his path, and thereby curtailing his freedom. Moreover, the State may direct his mind through education, including as it does instruction in general knowledge, in sanitation, in discipline, even in religion, but it may not, so long as he does not interfere with his neighbours' welfare, compel his body. To ensure this liberty the citizen cheerfully pays his taxes, and so long as he finds that he is adequately protected, is sufficiently preserved from disease through sanitation, and has opportunities of reasonable and healthy recreation, he is content to pay. But directly he finds that the local authority is wasting his money, either by enriching itself or by devoting it to the benefit of one special class, he becomes restless, and if he has the power he upsets a government, and if he has not the power he upsets himself, and through him his trade. He refuses under these conditions to save, knowing that thrift is useless, and consequently he becomes a danger-point in the State. Every man who lives in such a way as, should things go wrong for a short time, he inevitably must become bankrupt, is a source of danger to the State, the greater danger in exact proportion to the citizen's reputed wealth.

Therefore Charity, as we understand the term, does not and never can belong to the duties of the State. What is Charity in an individual is class-legislation and crime in a State. The individual gives of his own out of accumulated capital, the result of individual thrift; the State gives, on the contrary, out of compulsorily accumulated funds, pledging thereby the wealth not only of the citizens, but that of their children and of their children's children. It is, in fact, giving away with a light heart for sentimental reasons the energy of the people for two and even three generations. What would be said of a trustee who, becoming deeply impressed by the poverty of one class, gave out of the estate of which he was trustee a sum of money for the benefit of that class? He would place himself most certainly within the clutches of the law. It might be urged, however: suppose the beneficiaries of the estate agreed to the spending of their money in this way. If they *all* did, the action would, perhaps, be justified, but if one objected, though a majority were in favour of the action of the trustee, he would without doubt incriminate himself.

It will from the above be easily seen what measures are not justified by justice and sound economy. Many of the local authorities have, during periods of trade depression, provided for unemployed citizens work of certain kinds. Now either the work executed was required or it was not. If the first proposition is true, then the local authority was to blame for not having performed its duty at an earlier period. If the latter, the public should not have been called upon by their trustees to pay an unnecessary sum to provide for the support of the sufferers. This is surely the work for the charitably disposed; it is certainly not part of the duty of the municipal authority; nay, this expenditure is a distinct breach of faith on their part. The

evil arising is twofold. First, it pauperises the citizens just as much to set them to do unnecessary labour as it does to give the beggar a careless sixpence in the street, for it makes the former less attentive in his work, and the latter it makes less anxious to obtain work. This former kind of pauperisation is very prevalent to-day, and our good grandmother the State is to see us through every misfortune. The effects of this policy are bad enough as applied to the men, encouraging as it does the fallacy that the riches of the world are infinite in quantity and to be extracted without much thought; it is, however, even greater when looked at from the State's point of view. It is not too much to say that every modern State which has accepted this method of providing for the unemployed has either been completely ruined or partially so, just in proportion to the extent in which it has adopted this principle. To illustrate this let us glance at the striking example of the evil effects of this legislation in Australia. This country possesses proportionately a very large unemployed population, and these have the voting power conferred by manhood suffrage. The result has been that ignorant and time-serving politicians have found it convenient to forward their own ends by obtaining work for these unfortunates. They have promoted, to achieve this end, the erection of unnecessary Government buildings and workshops, and, more detrimental than these, they have created with Government funds a vast number of quite superfluous railways. All of these things, be it remembered, are quite unremunerative. The result of this extravagance is that the several States in Australia either are bankrupt, or would be so but for the confiding disposition of English investors. Were the Australian governments not under the protection of the Imperial Crown, every one of them would have been in an insolvent condition for these many years past.

It will be seen, therefore, that municipal ruin is, and must always be, the result of State pseudo-philanthropy, and that what does a little harm, when performed by the individual of his own will, does infinite and widespread injury, when performed out of the compulsory levies of the State. One other thing must be enforced in this connection. The unemployed problem is one requiring for its solution the most devoted and the highest intelligence of the race. All tentative measures are simply putting back its final solution, and they are nothing more than a sentimentally approved method of shutting the eyes of the people to well-known and ever-recurring facts. This problem will, no doubt, be dealt with radically and with the help of science, and it is, therefore, the more to be deplored that amateurish persons should have the means of deferring its solution.

Under the system now in vogue the local authority undertakes to perform its own work. This, on the face of it, seems but reasonable if the work can be performed at a less cost than it could through the medium of the ordinary contractor. In a non-elected corporation this possibly may be achieved, but in a corporation returned by a wide franchise, I submit, it is not possible to economise by so doing, and for the following reason. The bulk of the electorate is composed of labourers, and they are consequently potential government employees. As the council is returned by them so they can dictate to the authority the wages to be paid by it to its employees. Consequently the employer is not in a free position to make a bargain with his servants in respect to the wage to be paid, because he is in turn the servant of his servants. The municipal authority is therefore bound hand and foot, and the result is that to excuse the exorbitant wage which is commonly extracted from him he has to fall back on such ridiculously unscientific excuses for his extrava-

gance as are such phrases: 'The living wage,' 'The minimum wage,' and 'The trade union wage.' It cannot be too clearly pointed out that such a thing as a fixed 'minimum wage' does not exist. The lowest sum paid to the lowest labour is regulated alone by the productivity of Nature and the energies of man. The Laws of Nature, unlike those of man, cannot be repealed. Man can only eat and enjoy what Nature provides for him, so if you put one hundred men where fifty only can thrive, then either half will starve or the whole must reduce their standard of comfort or their minimum wage. This 'trade union wage' is a very old cry indeed, as old as the Roman Empire. 'Bread and games for the people' is now what it was under the later emperors, and so long as the productivity of Nature and the race is proportionate to this demand, it is not harmful. Unfortunately, as in Rome so in England, the demand for 'games' is generally louder after a bad spell of trade, because the people, relatively ignorant as they must be, resent the change in their circumstances caused by this lowering in the productivity of the race, and they become more and more discontented. If at this crisis are to be found, in the service of the State, politicians either without science or without principle, it is inevitable that these men will promise, to that section of the people who hold the balance of power, that which at the moment is unwise and unattainable, to serve their own ambitions.

I give below a few measures of the County Council of London which may justly be put on the black list:—

1. *Fair* wages established in all cases.
2. A maximum week of fifty-four hours established.
3. No man to work more than six days a week.
4. Overtime abolished.
5. Establishment of municipal lodging-houses.

The above list has been taken from a recently published book by Mr. W. T. Stead, who, while being a Socialist, happens curiously enough to be an honest striver after real progress. That he does not see the harm of these measures, nay, that he glories in this form of class legislation, has nothing to do with our survey of them. But it is necessary to say that all the measures which have been borrowed from his list are pregnant with the gravest of mischief. His work is addressed to Americans, and his boast to them is 'see what we have in England done for labour,' meaning, of course, the lowest form of it, and that what has been done for labour is the misapplication of public funds in its behalf. It would be as reasonable for him to boast, were such a Bill passed, of the beneficent energies of the people of England in providing State support for all the members of noble English families. The one and the other are equally class legislation, and equally detrimental to the interest of the State; nay, it is worse in the case of the labourers, for whereas in the case I have supposed, namely, that Parliament should take it into its head to support the members of historical houses, it would have at least a limited number of pensioners, in the case referred to by Mr. Stead it has an unlimited number. Because when you pamper a trade, it naturally has always a tendency to attract to itself more and more persons from other classes and trades.

The first on the list of London County Council measures bears a specious appearance of justice—*Fair Wages*. But be it remembered that what is called here a fair wage is decided, not by the joint concurrence of the employer and employed, but by a trade union composed solely of the latter. It is the same as if I should say to my landlord in London that I had decided to pay him a fair rent for my house, the

fairness of it having been decided by a trade union of tenants, and that £50 a year should in the future be my rent, though its market value is estimated at three times that amount. All the other items in this list will be dealt with elsewhere.

I have before said that the demand for more pleasure and food for the people is good when such demand is progressively made in a ratio to the financial progress of the country, and it is bad when made out of such proportion. The effects of this latter policy may be seen in the history of Rome. It will be remembered that after the death of Alexander Severus Rome was in a condition of great financial weakness. There were many causes for this; the more pregnant ones being the loss of municipal spirit through the inclusion of provincials to the freedom of the city, and the weakness of the emperors who had become the mere puppets of the Prætorian Guard. The effect of this latter impotency was displayed by the anxiety which these degenerate successors of Cæsar evinced to amuse, rather than to instruct, their people. The people themselves were rapidly losing that municipal courage and independence which had marked them out as a great people under the republic of the early Cæsars. The citizens were beginning to look to the government for help in those cases where in the past they had trusted alone to the strength of their individual energy. They were, in fact, become the slaves of a bureaucratic system. The government, because it was *weak*, neglected the interest of the whole people to enable it to pamper a section of it which temporarily held the reins of power. They provided, in fact, at immense expense, games[1] and offices for the Prætorian Guard and their dissolute relations

[1] In the fourth century the annual games in Rome and Constantinople have been estimated to have cost £160,000 sterling.

and friends; the result of this policy was the phenomenal decline of the Empire, and the putting back of the progress of the world's civilisation by at least a thousand years.

Again, let us look at the same causes at work in France under the second Empire. Napoleon acquired power through fraud; he had to keep it through corruption. In France, as nowhere else, the metropolis holds the balance of power. Napoleon and his advisers saw this very clearly, and, with the wisdom of the serpent, he laid himself out to corrupt Paris with the money provided by the whole people. Consequently an extravagant Court was kept up; a showy but useless army; reviews, balls, public and private; the widest and least exclusive hospitality at the Tuileries; almost Oriental *fêtes*,—these were some of the means employed to bribe the traders of Paris, and he accomplished for the time his object. To this day the shop-keeper of the Boulevard will lament to a customer the departed glory—which for him means the vanished trade in luxury—of the Empire, forgetting that now the whole of France is infinitely wealthier than it ever was in those sumptuous days. We know what befell France in 1870. A crippled and unshod army, a bankrupt treasury, peculation everywhere, and the final and not undeserved collapse.

Let us glance now across the Atlantic. Since the Great Civil War the United States have enjoyed financial advantages of exceptional character. A rich and almost limitless territory, a relatively small but energetic people, freedom from all external complications, climatic conditions varying in the several parts of the country so widely that almost every conceivable raw material can be raised within the bounds of the Republic. It must be admitted that the Americans have in some respects made good use of these exceptional advantages. Their producing power has more than doubled in the last

twenty-five years, placing them among the wealthiest of the nations of the earth. No less than 2000 millions sterling have been expended on their railway system, which expenditure should be a fairly good index to the general productiveness of the country. Up to two years ago he would have been a bold man who asserted before Americans that this progress would not continue in the same proportion indefinitely. Since then, however, the greatest change has come over the scene, success has turned to disaster, commodities have tumbled down in value to an almost unprecedented degree. The output of all industries is seriously, and probably permanently, curtailed. Mercantile houses of all kinds have fallen, credit is to a great extent impaired, the market value of railways has diminished by two-thirds, and the consequence of all these calamities is that in America to-day there is a greater unemployed population proportionately than in some of the oldest and most overpopulated countries of Europe.

What has been the chief cause of this terrific change? I think it will be seen that 'bread and games for the people' has played no little part; the people being, be it well understood, as everywhere to a weak government, that section of them which holds the government in fee. Let us see who these are in the United States. Owing to the wide political corruption, the section of the people who hold the balance of power are the millionaires and the manufacturers. Grant a people given over to the worship of Mammon, and grant a want of electoral integrity, the wealthy men under these conditions must hold the ultimate power. The government of the United States, whether democrat or republican, has devoted its best energies to the promotion of those measures which make for the prosperity of this class without respect to and without considera-

tion of the other sections of the community, because these people possess the power through their caucuses of retaining or ejecting them. The true inner of the history of the Protectionist policy in the United States has yet to be written, but when it is written it will be found that the causes I have enumerated have had more to do with its adoption than anything else. It is so obvious that this policy could in no wise benefit the whole country, because its wealth lies not in the exploitation of manufactures, but in its productivity in respect to raw material. Protection, therefore, was paid for out of the pockets of agriculturists, miners, and a host of others depending on these industries. This was indeed the bribe offered to the class who held the power. The government said in effect—I will take the wealth of the country, and to you manufacturers I will hand over the largest share if you will keep me in power to do it. 'Bread and games to the people,' champagne and Parisian dishes to those I call the people—namely, those who keep me in power. The result, failure of credit and loss of wealth, employers of labour ruined, workmen thrown out of employment, discontent, strikes, labour wars, and the rest.

In the few examples I have taken, the ground has pretty well been covered in respect to the favouritism by government of special classes. Amusement and those necessities which the people demand, given by a weak and power-loving government to a section of the inhabitants from out of the accumulated stock of the whole community, ends always in the same manner—namely, in corporate indebtedness, followed by corporate failure. It is no matter whether the class to be benefited be the Prætorian Guard, the Parisian tradesmen, the eastern manufacturers of the United States, or the unemployed in London. This childish

attempt to benefit a class by means of the accumulated stock of the whole people ends always in disaster to the whole community. It is the same cause at work which erects working-class buildings and lets them at lower than the market value, which starts municipal workshops to employ the unemployed, which expends the general fund in whatsoever manner you care to imagine for the benefit of one class alone; it is this method which in every case, when admitted into the policy of a State, leads directly to the same ruin.

To raise funds for such expenditure heavy rates must be imposed. These mean loss of business, which eventually throws a proportion of the workers out of employment, and these again clamour for work at the doors of the council chamber, consequently there is simply a progressively expanding labour trouble. The only protection which the working men can hope for is brought about by a steady condition of trade. While trade remains stable, the labourer can command the full value for his work; but a stable condition of trade can be only kept up by economic taxation and consequent security for capital. Directly the possessors of capital become frightened, the flow of it towards industrial enterprise is checked, which means failure or bad trade for the enterprises concerned, and the throwing out of employment of the persons occupied in these enterprises. The cause of the acceptance of this false economy has been everywhere the same. Ignorant legislators weakly placed in power naturally play into the hands of that section of the people which promises for them continuance in office.

While on this subject, it is worth while to give an opinion with regard to the vexed question of betterment. Betterment without its correlative worsement is a direct interference with the liberty of the individual, and a totally unwise and

unjust procedure. But when the two run together there is no more harm in this than in any other State-organised improvement. In a recent attempt by the London County Council to insidiously introduce the one without the other, it has been fortunately stopped by the Committee of the Lords, and the discovery of this injustice is very much to the credit of that assembly. It is very clear that no local body must have the power of playing for its own benefit the ancient and much patronised game of 'Heads I win and tails you lose.'

I have attempted to point out in this survey of the duties of the municipal authority in its relation to the individual some of the pitfalls which have not generally been seen, and by which local administrations have been prostrated. Now let me point out some of the more healthy forms in which municipal energy may be exercised. There is every reason for a rich city to expend a fair sum on beautifying itself. The effect of having handsome streets and numerous parks is the excellent one of bringing people to use them. Everything which pleases the eye and refreshes the mind has a civilising effect, and out-of-door life generally may be said to be a potent condition in reducing the sum of human misery and sin. So open spaces should to a reasonable extent be provided for the people's amusement. Sanitation should be carefully and with the aid of science attended to, and it should be one of the first duties of the municipal authority to see that no individual lives within the bounds of their power in such a condition of squalor and poverty as may lead to the endangerment of the community. Moreover, the children of vicious parents may be rightly considered the wards of the State; there can be no right of the individual which can interpose between the State and this duty. The citizen should have perfect freedom of

action, as has been said before, within the limits of his own personal interest; he no more, however, has a right to interfere with his child's welfare by giving it a bad education than he has to upset his neighbour's business through unnecessary interference. Though the child may become under these circumstances the ward of the municipality, there is no reason that in so doing the parent should be relieved of his natural responsibilities; the child withdrawn by the State from surroundings admittedly unhealthy should be educated by it at the parent's charge. To do otherwise is simply rewarding the bad parent while allowing the virtuous one to retain his burdens.

Now let us finally look at the question of municipal loans, because this subject is of extreme importance to the individual citizens. It may very reasonably be doubted, unless the municipality is possessed of considerable convertible property, whether it ought to contract loans secured to the lender by assigning future rates to him. This method, so commonly adopted, is doing two very hurtful things. In the first place, it is forcing many individuals against their express wish into indebtedness. Moreover, by assigning a claim over future rates to the lender it is charging unborn generations of citizens for the purpose of doing something of purely ephemeral interest. In the first instance municipal borrowing is directly opposed to that principle of freedom which states in the most authoritative manner that no man shall become a party to a contract against his will; and in the second, the unfortunate parties yet to be born when they enter this world of trouble will do so with a balance on the wrong side at their bankers. It would be much better to encourage for all not strictly necessary expenditure the charitable energies of the rich. Such a source of income would not be likely to fail, because there are too many incentives

to such bounty. Philanthropy and the desire for civic distinction together, it may be believed, would enable all real improvements to be made without recourse to the raising of money through pledging the future energies of the race. It might not be unwise to adopt the plan found to be very efficient at the time of the highest prosperity of the Republic of Genoa. In an old palace there, down by the sea, are shown to the inquiring tourist the statues, busts and medallions of ancient public-spirited citizens. Each class of these, whether statue, bust or medallion, I believe, had its price. Twenty thousand pounds expended by the benevolent citizen for the benefit of the community gave a right to a complete statue to commemorate his beneficence, and so on in degree for the lesser honours. Moreover, it will be remembered that in that architecturally beautiful city the streets were decorated by private enterprise, and those palaces which especially excelled in magnificence were singled out and the owners were sometimes honoured by nobility, and at other times relieved from the burdens of future taxation on account of their public action in building fine houses, and also it may be believed on account of the good taste with which they had expended their money. Another instance of civic philanthropy stimulated by the hope of civic distinction is within my own memory. Some years ago in Florence it was necessary to construct a good carriage road up the steep hill of Fiesole. The citizens were asked to do this of their generosity; those who would consent to give above a certain and considerable sum for this object being promised, whatever their rank might be, that their names should be inscribed in the Libro d'Oro of that city, in which have been kept the names of the ancient Florentine families from time immemorial. I need not say that the money for this road was very quickly collected. I have

referred to these few instances to point out that in expending money for the public good a city is not necessarily obliged to go to the ratepayers for every improvement suggested. There are many other and wiser methods of raising money than that one which forces indebtedness upon unwilling citizens.

The important subject of licensing I place in the category of duties in respect to the individual, because I hold that the wisdom of conferring licences on certain forms of public entertainment is especially a part of the State's duty to the individual. It is possible that this is a wrong classification, but if I may be allowed the original principle on which much of this chapter is based, I think that the position allotted to this subject will be justified. It has been said that the duty of the municipal state is to direct the minds of the citizen in matters pertaining to general knowledge, etc., and it is therefore not easy to refuse to accept under general knowledge the information which the citizen may gain at places of public amusement. At the present moment we have to accept the facts as they are, and seeing that it has been decided that theatres should be rather under the control of the imperial authorities, and that music-halls and other inferior places of recreation are included under the municipal authority, therefore, so far as this chapter is concerned, we have but to deal with the inferior class. It is most difficult to draw such nice distinctions as are suggested by this classification, but it is possible that this division is not wholly illogical. It may be argued with some force that theatres perform an educational function of a more especially imperial nature, and that music-halls have more particularly a local character. It is not clear whether this distinction is justified, but under any circumstances it has been so ordained by Act of Parliament.

Now, in the consideration of this subject, the first thing to

be done is to rid ourselves of cant. From the municipal standpoint, what is it that a music-hall should do? Obviously it should, in the first instance, amuse the citizens, and from this it may be argued that every facility it may require to achieve this object should be granted to it, because by so doing the music-hall performs a public function in helping to renovate the minds of the people through varied and interesting performances. This is its recreative object. The limitation of such powers is the same as it was in other matters. The entertainment must not go so far as to instruct people in the art of impairing the liberties of their neighbours. An entertainment which, to take an example, encouraged either collective or individual theft, would be by all reasonable men designated an undesirable form of recreation. The play which had for its hero a pickpocket or a murderer would undoubtedly be such an one as should properly be forbidden public exhibition. All performances, however, which are neither good nor bad may very properly be considered to be of value if they amuse people, but no performance can be allowed which has either a degraded or a degenerating tendency.

I have now surveyed the Individualistic policy in respect to the action of the municipal authority in more or less direct contact with the individual citizen. I have tried to insist that liberty is solely of value so long as it does not interfere with the freedom of other citizens; and, on the other hand, interference in matters of trade by the local authority does an immensity of harm, not only to the individual, but even more strikingly to the municipality.

Imperial Parliament.—Now we must pass on to the subject of the relations which should exist between the local authority and the powers above and below; this branch of the subject

naturally begins with its connection with the Imperial Parliament. The municipality possesses delegated powers of local government within its proper area, these powers being defined by the sovereign power, though, nominally at least, all the measures of the lower authority are subject to revision. The first aim which all reasonable men should direct their energies to is by some means or other to keep the municipal authority to its own proper work, and to discourage the too often displayed attempts to acquire new authority before they have made full use of that which exists. It should be definitely laid down that no approach can be made to the Imperial Parliament by inferior corporations, except it be effected officially and in the corporate capacity of the latter. The existing arrangement in the House of Commons is fraught with the gravest inconvenience. Every member of a local parliament who happens also to have a seat in the Imperial one, looks upon himself, if we may judge from his actions, as the specially deputed representative of that body in the councils of the nation. Moreover he is encouraged in this fallacious view of his position by the fact that Parliament, over-burdened as it is now with work, but too readily accepts a man's own claim to the representation of a particular subject. The consequence is that all kinds of County Council aggrandisement bills have been brought in by totally irresponsible members, none of which should have been allowed to occupy the time of the House at all. The tendency is therefore bad in being wasteful in the matter of time, and it is even more injurious on account of the fact that each of these pushing County Councillors is able to form a local group at his pleasure, and thereby to push the system of party government to the point of absurdity, thus helping to create more and yet more parties. When a group is formed principle too often is forgotten,

and the small matter which concerns the group is elevated to the position which should properly be occupied by a great principle. The part is, I fear, very often in politics much greater than the whole. The only means of preventing this evil will be found in strictly adhering to the doctrines of discipline. Theoretically no member has a right to address Parliament on behalf of another local body, and this should be enforced with strictness by the officer responsible for the conduct of the affairs of the House. Moreover, it will be extremely useful if in the immediate future a permanent committee of both Houses be formed to revise the powers conferred on local authorities, and to form for them a court of appeal in lieu of the somewhat moribund Local Government Board.

Minor Corporations.—The perfect administration of a given area depends not a little on the proper sub-division of powers. It has been admitted by both parties in the State, as well as by scientific opinion, that District and Parish Councils have become a necessity as the guardians of the rights of the district or the parish, to stand between them and unnecessary interference on behalf of the central body. A practical question, however, arises out of this: namely, How is this to be efficiently carried out? It is obvious that an ill-digested scheme, entrusting to minor councils wide and co-ordinate powers, can only lead to friction and ultimate confusion. How can this best be avoided? In constituting district authorities much more care should be applied to the definition of their powers than has been of late the custom in Parliament. But granting that clear and well-defined powers are delegated, the natural question arises: To what authority are these local bodies to be responsible? In looking at this question it is hardly conceivable that any con-

clusion can be come to but this, that they must be under the revisionary control of the county or city corporation. In deciding this question it is to the interest of the whole city or county that no question should arise between these bodies, and that nothing should come in the way of a uniform standard of excellence being accepted. It is quite clear that to do this the revising power must be made at the centre, but this fact does not in any way necessarily lead to officious intermeddling in local affairs by the municipal authority. The power of the local body should be absolute within its well-defined sphere of action, and it is only limited in this case as in the others by that fundamental principle which says that no man or corporate body shall have such freedom as will, in the exercise thereof, interfere with that of other men, or other corporations. Let us attempt to apply this. The District Councils will, no doubt, have control over the local thoroughfares. So long, then, as a reasonable standard of excellence is maintained, no central body can have a right to interfere in this district matter. But if these thoroughfares, which are for the use of the whole people and not only for the district, are so badly kept that they impede the traffic passing through the district, then it is obvious the District Council is, through its negligence, curtailing the liberty of other localities. It would, in such a case as this, be the duty of the central authority to enforce proper fulfilment of their duty by the local body. It will be seen that I have taken for example the simplest possible case, but if the principle which is the moving one in this matter is applied to other and more complex cases, it will be perfectly easy to arrive at the just mean between local and central authority.

To again take this simple example and see how it would work in the case in which the district was a local co-ordinate authority, not under the revising control of the central

authority. The only redress which could be obtained in a matter of this kind, supposing that the inhabitants of the district were indifferent in this matter, would be through either the Local Government Board or through Parliament. Now the former office has and can have no especial knowledge of the requirements of the whole city. It is an office dealing with the whole Local Government of the country. Its methods are admittedly both tedious and bureaucratic, and were it to be enlarged almost indefinitely, it could never accomplish, even imperfectly, the immense labour which would be by this arrangement thrown upon it.

Were Parliament itself to be directly a Court of Appeal in such matters, all the advantages obtained by a system of local government in relieving it of tiresome details would disappear. The reasons above given are, moreover, merely inconveniences of detail in administration; they leave altogether on one side the fact that by the proper graduation of authorities alone can any system of government be carried on. Such methods are, in fact, sins against a logical and responsible form of administration, and involve the happy-go-lucky ways of old.

These were well enough when through want of quick transport localities were separated one from the other by much greater barriers than now exist, and consequently the want of uniformity in administration was both much less noticeable and less detrimental than now.

It will be seen from the above that no subdivision of powers need tend to confusion, if the principles of discipline and order are well observed in their creation, and if we do not lose sight of the fundamental principle that the bounds of liberty of action in local authorities are the freedom of action of other local bodies, and the general uniformity of the whole.

Monopolies, or other Quasi-Governmental Corporations.—This question will be found to be of much greater importance and of much greater complexity than has been comprehended in the recent discussions of this subject.

It is of first importance to emphasise the fact that all companies which have been given the sole right to supply commodities to the citizens are indirectly civil servants of the Government. They are, therefore, under the control of the Central Authority and directly responsible to it. But they are not, however, all worthy of equal consideration. The question what companies should be so privileged is one of extreme fascination, but unfortunately it is not now a practical subject of inquiry, because in the rough-and-ready way common in all Parliamentary procedure certain corporations have been given these advantages without reference to expediency; and without grave injustice these cannot be withdrawn, or, if withdrawn, the claims of the present privileged companies must and should be met in a spirit of equity and conciliation. It is, however, necessary to classify the companies which have the sole privilege of supplying to the citizens certain commodities, so that we may rightly apprise their respective labours in the public service.

Before entering into this work of classification, I cannot refrain from exposing the very false philosophy which often is mixed up in this matter. It is very common to hear it said, especially by open or disguised Collectivists, that the State has a right to provide the people at cost price with necessities. Now on this word, unless you insist on its clear definition, is based an immensity of false reasoning. It is obvious to any one considering the subject that a necessity is but a relative term. It varies, not, as most others, from century to century, but from day to day. Bread on Monday may be a necessity; on Tuesday, when the citizen has de-

veloped an acute form of influenza, port wine and chicken may become necessities. It is, therefore, advisable to dismiss this term from discussion as too undefined, because too variable, for scientific use. To take the place of this word, I shall be obliged, therefore, to substitute another.

Let us then substitute 'Municipal Imperative' for necessity, defining clearly what is implied by the former phrase. The imperative commodity is one which, if withdrawn from the use of a citizen, is liable to cause through its withdrawal not only harm to the citizen from whom it is withdrawn, but, through disease or other disaster, danger to the community in which he lives.

This is the real point for the consideration of the municipal authority, because its business is especially to preserve from harm the community over which it rules, and no interference in such matters can be, or should be, considered as an interference with Liberty as already defined.

The liberty of the subject, as before enunciated, is limited only when he through his actions interferes with his neighbours' freedom. This cannot be repeated too often.

Now let us consider the Municipal Monopolies as we know them :—

1st. Water Companies.
2nd. Gas and other Lighting Companies.
3rd. Transport Companies : Tramways, Canals, etc.

It is clear, if the specialists are to be trusted, that an adequate supply of water to the houses of the citizens is a sanitary requirement. Later medical science has shown that nearly all the most distressing and virulent diseases are created *ab initio* from dirt. Dr. Roose says that 'any sudden outbreak of disease in an epidemic form is almost certainly attributable to the water supply.' This being so,

the cutting off of water from a house is quite obviously a municipal crime, because it endangers the health of the community through the withdrawal of a commodity necessary for its health.

A recent case is very much to the point. A woman considered that she should not be charged for a fixed bath in her house. She refused to pay the additional charge for this luxury, though she paid her ordinary water rate. The Water Company promptly cut off the water supply of the whole house. This exceedingly ill-advised action of the Company may lead to a complete revision of the powers conferred upon the monopolised concerns.

But to return. Water is clearly an imperative commodity, and must be placed in our list as such. Gas, it appears, is partially so. Gas, or light at any rate, in the streets has now become an imperative commodity. The withdrawal of the proper illumination of our highroads and by-roads would inevitably lead to a great increase in crime. To preserve the liberty of the citizen, light then appears to be of first importance, and may justly be considered under Imperative Monopolies.

Gas and light, however, within the four walls of a house do not seem to come under the category. People can do without gas; many do every night without light of any kind; some prefer other illuminations. It is clear, therefore, that intermural gas is not a necessity, and by its withdrawal no harm to the community need be anticipated. It is evident, therefore, that gas or lighting of this kind comes under the classification of municipal non-imperatives. The same may be said of Tramways, Canal Companies, etc.

These no man will justly elevate to the position of essentials. A tramway is a convenience; if the tramway is not there, you either walk or take a cab. It is not too much

to say that should every employé in the tramway, omnibus, and railway companies in London strike to-morrow, no permanent inconvenience need be anticipated. Business men would get up a little earlier, that is all. So without further dalliance we may assign these transport companies to the non-imperative class.

Now let us place the monopolised companies according to rank.

Imperatives—

Water.

Gas or other lighting in thoroughfares.

Non-Imperatives—

Gas in houses.

Tramways.

Canals,[1] etc.

Having this definite classification we may naturally consider how far the Central Authority should make itself responsible for these present monopoly companies by undertaking the supply itself. It is only just to say that the present writer believes that it properly belongs to the Municipality to undertake the work included under Imperatives. It would be tedious to argue this question fully, but by stating one fact it will become more apparent what is meant in enforcing this duty. I have quoted the case of a person, the water supply of whose house was stopped because she refused to pay what the Company deemed she ought to pay. Now, either this Company very much misunderstood its position as a public functionary in this

[1] It will be observed that in considering this question I have taken as an example the special case of London, because nearly all the more difficult problems are, in the metropolis, more accentuated than elsewhere. The principles, however, laid down are equally applicable to every city and county in the United Kingdom.

matter, or else the bonds of authority were very considerably weakened through their devolution to a monopoly Company. It is possible that the water authority in question merely misunderstood its duty; but, however it may be, the right of such a corporation to withdraw water from a house for any cause whatsoever should distinctly be forbidden. In this case, if the Central Authority had been directly responsible for the supply, they would have had ample means of securing their rates without recourse to such a pernicious action. They would have claimed on behalf of the Crown the sum due, and would have entered as first creditor. The Water Company being, in the eyes of the law, merely a money-getting concern, can claim alone as an ordinary creditor, and as such, obliged to take ordinary business precautions to ensure repayment.

It should readily be seen by this example that for public convenience it would have been wiser from the first to have placed the distribution of water to the citizens directly in the hands of the Municipal Authority. In London, for example, this has not been done, owing no doubt to the public convenience at the time, and no less to a want of appreciation of the importance of this subject. The supply of water for London has been relegated to private undertakings, and it cannot be withdrawn without either a vast expenditure of money or unfair interference with the rights of property. London is supplied by, in all, nine companies. Now, in considering the advantages of relieving these undertakings of their public responsibilities two very important conditions must be considered. Firstly, is the water supplied of that quality which it is right to demand on account of its importance as a health-giving commodity, and is the supply sufficient for the increased demand in future years? Secondly, is it supplied at the lowest possible cost to the

citizens? Having carefully gone into this question with the aid of such technical literature as is obtainable, and with the Blue Book before me relating to it, I cannot but be convinced that on the whole the water is of sufficient excellence in London to warrant our dismissing this subject from our thoughts. I am aware that with the consensus of expert opinion in favour of this view (Bischoff, Roose, etc.), there is yet one strong opponent to it in Dr. Frankland; but as his opposition is directed chiefly to one or two companies, and as we have the fact before us that of all cities of first rank in respect to population, London shows a considerably lower death rate than any other, I think it is but fair to assume that we have but little to complain of in this respect.

It is not quite so clear that the supply of good water is sufficient to meet the demands of the rapid expansion of London for the next half century, but seeing that the evidence given before the Royal Commission was in favour of the belief that for at least thirty years London may count on having, from her present sources, sufficient of this necessary commodity, I may take it that we are in no danger of the supply being inadequate for all present and probable future demands. Nevertheless, the quality of the water supplied by the different companies is unequal, and it should be certainly the business of the Municipal Authority to bring the lagging companies up to the standard of their brother monopolies.

Now, as to the price paid for water by the inhabitants. There is but little doubt that they are paying too much for this commodity. There are two causes for this. In the first place, there is a very great waste of water in London. The average supplied per head to the inhabitants of this city is daily twenty-eight gallons. Supposing that half this

quantity is utilised for general purposes, such as for fire engines, street cleaning, and the hundred and one uses which water is put to, yet it leaves every man, woman and infant with his or her fourteen gallons a day. Now this seems rather more than is necessary even for the requirements of a Roman of the Augustan period, and when we consider that all of this water equally for public and domestic use, is filtered to that condition of excellence required for drinking purposes, it seems to the ordinary observer somewhat of a waste of energy. The question, however, is of great difficulty, and whether two qualities of water can be supplied to meet the varied requirements must be solved by engineers rather than by medical experts.

The second cause for the higher price paid for water in London than is paid elsewhere, is the fact that the Water Companies have been constantly put to very great expense over a period of fifty years in matters of legal charges. Owing to their public capacity as the monopolist distributors of water, they naturally have been the object of much adverse criticism both in Parliament and out of it. The consequence is that Pelion has been piled upon Ossa in the matter of legal expenses. For all these the ratepayer is now suffering. It is, therefore, not quite fair to condemn the companies for an expenditure which in no wise can be described as of their making.

I have gone into the question of Water perhaps at too great length, but its immense significance must be my excuse.

It has been seen that monopolist companies can be logically divided into two classes. How should they be dealt with by the Central authority? If we had the power to begin afresh, no doubt it would be necessary to advise the carrying out of the supply of Municipal imperative commodities to the citizens by the Central authority itself,

while leaving to individual enterprise those non-imperative. But as we have seen that the difficulties in the way of undertaking such work now are very great, and the methods of avoiding injustice almost an insuperable obstacle, it may be wise now to leave the work of distribution in the hands of the water companies. But this can be only done with safety so long as the authorities recognise very plainly that their duties in respect to Water are quite different from those in respect to Gas, etc. Most of the evil trend of thought of late towards stultifying Collectivism has been caused through this want of clear distinction. This has led many otherwise clear-headed men astray, and, unless this distinction is comprehended, there is every chance that the numerous class whose avocations do not permit them to study carefully these subjects will be more and more drawn in the direction of Municipal Socialism. Therefore, I do not feel that the time devoted in this chapter to the study of this subject has been at all wasted.

The Duties of the Municipal Authority generally reviewed.—Let us now see what function in the homogeny of the Imperial State the Municipal Corporation performs. It has, as is obvious, deputed powers of government in all those matters which, while being essential, are yet not definitely Imperial. It is, therefore, in these matters the representative of the sovereign authority. The Municipality is not, as some ignorantly hold, a small self-governed community within the State, it is an Imperially-governed section of it, certain duties especially belonging to local administration having been relegated to it.

It is necessary to refer to this point on account of the confusion which is displayed by many in duly apprising the respective value of appointments under the Municipality

and those under the Imperial Authority, and it should, moreover, especially be borne in mind on account of local policy. The Municipal State has no mandate to adopt a line of action inharmonious with that one which is adopted by the body of which it forms a part. It is within these limits that it can act, not beside them.

Now arises a question of importance. How will it be possible to prevent Local bodies from adopting unwise, untried, and unauthorised, legislation? The British Empire, it is admitted by all, has been built up by statesmen who have understood the value of cultivating the initiative of the individual. The people, on the other hand, heretofore have had their own views of what independence they should justly claim, and were well able to preserve their rights and to defend them. The Collectivists now propose to convert them into a nation of bureau-driven slaves and workhouse pensioners. The whole intention of past legislation has been directed towards preserving the freedom of the individual. It is clear, therefore, that this being the distinctly-marked policy of the past, a policy, moreover, which has led to phenomenal success, it cannot be part of the powers conferred on the corporation of Stoke Pogis, or of Stowe in the Hole, of its own initiative to upset these fundamental State principles.

Stoke Pogis, like other corporations, must grow with the Nation's growth, progress with the Nation's success, and develop along the lines of the Nation's policy. It cannot be allowed that the cock-sparrow assertiveness of unformed and local-centred minds should strike out for itself a new and untried policy. Wiser heads than those likely to be found in Stoke Pogis, if a new line is to be adopted, must weigh and consider its advantages and its defects, and deliberately accept its direction. Burke has told us that 'every project

of a material change of policy in a government so complicated as ours, combined at the same time with external circumstances still more complicated, is a matter full of difficulties in which a considerate man will not be too ready to decide, a prudent too ready to undertake, or an honest man too ready to promise.'

Therefore it is certain that if every municipality, however minor its powers, however sentimental and ignorant its *personnel*, is to be permitted to beg the question of change by inconsiderately adopting a line of its own making, local government will certainly lead to the wildest chaos ever heard of in the annals of mankind. To prevent these evils arising out of the sub-division of power, it is necessary that each of the local bodies shall be under the revising authority of the one next above it.

In effect it is within the limits of national policy that the municipal authority has power, not outside them.

Now in respect to the persons properly to be entrusted with the management of municipal affairs. As forming a part, though more or less a minor one, of the Government of the Country, it is of the greatest value to choose as representatives men of independent position, unspotted honour, and good local position, possessing time to devote to the affairs of the State. Frequently it is said that a business or a professional man would be the best candidate for such posts as these. I do not believe it; because, if you consult the men engaged in these pursuits, whose position and whose knowledge would really be an acquisition to any State Council, they will tell you almost in these words that they have not the time. The best of business and professional men you will not get, but the worst of these classes will readily come forward. Either the man who does not make his business succeed, or he who through a public position wishes

to make its success greater, will readily answer your call in the hope that out of a long-suffering public he may be able to get at least some material benefit. This kind of business man should be very carefully avoided. Moreover all business men are specialists in respect to their trade. They have all the virtues and vices of the specialist, but the specialist mind is the very one not required at the councils of a Municipality. It judges the world through spectacles of its own; the causes which affect its special study are to it the great causes of the world; it has, in fact, not generally the great gift of estimating phenomena according to their real proportion. He should be chosen to represent the people 'who, in the common intercourse of life, showed he regarded somebody besides himself, so that when he came to act in a public situation, he might probably consult some other interest than his own.'

The Local authority acting on behalf of the State must see that the citizen is not hampered in his freedom by other citizens or by other classes of citizens. It should direct his mind through instruction, teaching it 'nothing mean.' It should act as the trustee of the whole people as regards finance, and the guardian of the whole people as regards mental development. What is charity and benevolence in the individual is crime and injustice in a government, as I have said before, because the funds which the latter allocates to the benefit of an individual or a class is compulsorily collected by it from the whole people, and cannot honestly be expended for such a purpose except by the consent of every single person from whom it was obtained.

Finally, the admission of this power of expenditure would infallibly lead to corruption of the gravest kind, especially in these days of wide suffrage.

We have seen that the Local authority is not in the

position to perform its own work, but it is in a position to see that its work is properly carried through by the contractors to whom the work is entrusted. More energy displayed in this direction would be exceedingly well spent. When on the subject of the possibilities of Municipal dishonesty it is impossible to pass it by without referring to a recent work on Chicago. To obtain the right of way over a public street, a railway company paid £5000 to each of the four aldermen who voted for the bill, and one official received no less than £20,000 (*Chicago Record*, 19th February, 1894).

I do not suppose we shall arrive at this magnificent point of corruption just yet, but it is not impossible. If we are not a little more careful in the selection of our representatives, and in their methods of spending public funds, we may have a Chicago in London just as we have had a Venice and a Constantinople, only it will not be domiciled at 'Olympia.'

With regard to the question of improvements, such, for instance, as the opening of Parks, the widening and beautifying of streets and the like, it is of course much more difficult to adjust the line of policy. It is clear that such measures should be progressively adopted in proportion to the material progress of the community. There should be no unwise adoption of these essentially good things without reference to such improvement, because it is of first importance not to increase the rates beyond what is esteemed right by the inhabitants generally. It may be said truly, every increase of rates injures Trade, by the insecurity which it inspires in respect to permanent investments. The injury is none the less real because it is below the surface. It will be seen that the profits of an undertaking, calculated on the basis of the lesser rate, become delusive after the new rate

is imposed, and consequently it becomes at every turn of the municipal screw less possible to adjust prospectively expenditure to income. The result is that innumerable traders, both retail and wholesale, whose financial existence has just been on the right side of insolvency, fail, and consequently their employees are thrown out of work. Trade becomes disorganised and capital is frightened away from it. We cannot be too often reminded of the fact that capital is the vital element of the body politic, just as the blood is of the individual body. Vampirish action politically has the same effect as it has individually, it produces lethargy, ending, if continued, in death. Suck the capital of the community through ill-advised taxation and you weaken its energy and that of the whole people.

From this it will be seen that by the most careful adjustment of means to ends alone can permanent improvement be obtained, and it should be the business of all true patriots to see that the Municipal funds are expended gradually for the improvement of the lives of the people, and not, as is now too common, spasmodically and without reference to the general development of the community.

It has been said that power must eventually be centred in one authority. All collateral authorities must become unified within the Parish, the District or the County, or else Local Administration must end in a wild delirium of divergent powers and interests. What the Central authority has to see to is, that while assimilating the various powers, it yet preserves the traditions of the Municipality. An excellent example of the possibilities in this respect may be seen in the two rival authorities, the London County Council and the City Corporation. The former has power over Greater London, and certain powers over the City, which powers, from their inextricable confusion with those of the City

Corporation, are beyond my comprehension; the latter has powers over the City proper. The former, full of youthful energy, it may be, yet has no traditions; it has not the cement, in fact, which binds a City together; the latter, being the immemorial representative of London, has great and glorious traditions, but outside the walls no powers. The ordinary man would say: What an excellent opportunity for a compromise! Nevertheless, owing to the ignorant energy of the one and the ignorant quiescence of the other, no *via media* has been found, and the two corporations remain to this day in different and opposing camps. It is obvious that by entering into friendly intercourse the traditions and the rights of property may be preserved, while London may in the future be looked upon as one whole, with the traditions no whit impaired through wise expansion. Greed on the one hand, and fear on the other, have unfortunately prevented this consummation.

It has been seen that it is desirable to more plainly regulate the manner in which Local Governments shall have intercourse with the Imperial Parliament. A permanent committee of both Houses might very well be a means of placing this intercourse on a sound footing. That the present system of indiscriminate and unrepresentative appeal leads to no little waste of public time must be admitted. The Municipal body, on the other hand, must act as the guide of those bodies below it, not intermeddling with their affairs, but bringing that reasonable pressure to bear when necessary, which should make for uniformity of excellence in administration. It should especially see that one District Council shall not, through officiousness or ignorance, act in a manner detrimental to the whole body or to any other District. Above all, it is only by a definite and well-understood chain of authority binding together all the various

Local Councils, from the highest to the lowest, that we can hope to avoid chaotic confusion.

I have now done with this subject, and it is only right at this juncture to say that, while dealing in an unbiassed manner with the subject of Municipal Government as it stands to-day, and while attempting to indicate a plan in which the varied authorities may act together harmoniously, yet I am not at all hopeful of the ultimate effect of Democracy based on per head election. That under any circumstances it is an experiment, untried in its present form, cannot too often be repeated. Nevertheless, though not hopeful, it has appeared right to some of us to enter the lists, not with the object of making things worse, as some do, but rather with the intention, however humble may be our part, of making things better. Now, it may be asked: Why are you afraid for the success of Government by this form of Democracy? To be candid, because it must directly lead to Class Legislation. We all know that in an Autocracy the philosophic Sovereign, if he is to govern well, must look without favour and without prejudice at all classes in the community. He must be of none of them, and in his dealings must so act that he adjusts the interests of his subjects by allowing each class of them, and each individual in each class, full and fair play. So in the Government of the Many, this should be the sole aim of the governing body. But is it so? Are not the classes who interest the representatives only those which for one reason or another can give them the greatest number of votes? Assuredly this must be admitted. Heads are counted, brains are not weighed, and consequently those classes counting the largest number of heads, composed, as they necessarily are, of those occupied in the lowest and least intellectual employments, command the undivided attention of the Legislature. Men-

tal capacity and its result, capitalised energy, are at a discount. The State directs its attention to taking from the rich in money or brains and giving to the poor, with the obvious result of driving away capital from the trade of the country, and thereby increasing the poverty it had ignorantly hoped to diminish.

In spite of the fact of the puny attempts of 'Demos' to repeal the unchangeable Laws of Nature, there is yet a hope for him. One of the chief principles which Demos lays down is that in Representative Government *all* interests should be consulted. Let him act up to this principle and give up the puerile game of counting heads, a game, by the way, more suggestive of second childhood than of early vigour, and let him count interests, looking at each with an equal eye and well-balanced mind. He will then at least give his cause fair play. It is on the hope that he may be made to see this that I rely.

In my remarks on this subject I must repudiate in advance the designation of pessimist. I am optimist *à outrance*. But my optimism does not lead me to the conceited belief of some that the specific civilisation under which we live is the ultimate form which civilisation will take. There will be ups and downs in the future as in the past, but it is only true patriotism to keep ourselves to the fore as long as possible by adherence to those laws which Nature says must be obeyed if advance is desired. That we are now in a fair way to this end—*credat Judæus Apella.*

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